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NEWS SUMMARY

GENERAL

Torture: Rees rebukes Dublin

Publication yesterday of a European Commission of Human Rights report which finds Britain guilty of using torture while Northern Ireland internees were interrogated in August, 1971, has placed Anglo-Irish relations under strain.

The report—it has been accepted by Britain—is the result of submission by the Irish Republic of a series of complaints to the Commission alleging breaches of the European Convention on Human Rights.

Mr. Merlyn Rees, Ulster Secretary, said in Belfast that it was very hard to understand the Irish Government's rejection of efforts made by the Commission and the British Government to bring about a "friendly settlement."

Regretting the Irish Government's persistence in "raking over the events of five years ago." Mr. Rees said the terrorists were the only people who could derive any satisfaction from all this.

O'Brady held

Meanwhile, Irish Special Branch detectives yesterday arrested Mr. Rory O'Brady, Provisional Sinn Fein president, at his Ross Common home, 90 miles from Dublin.

It was understood that that Mr. O'Brady had been detained for non-payment of a £30 fine imposed for his part in an outlawed Provo march through Dublin last April. **Back Page. Ulster news, Page 7**

Riot in centre of Cape Town

As preparations continued in Zurich for to-morrow's talks between Dr. Henry Kissinger, U.S. Secretary of State, and Mr. John Vorster, South African Premier, rioting flared for the first time in Cape Town's white city centre. In Salisbury, Mr. Ian Smith, Rhodesian Prime Minister, spoke of an increased tempo towards reaching a settlement. **Africa, Page 6**

Jail demo due to end to-day

Prisoners who have been holding a roof demonstration on the roof of Hull jail since Tuesday night have undertaken to come down at 9 a.m. to-day. The prisoners are demanding an inquiry into what they allege is brutality by prison officers. Last night 170 prisoners were still in parts of the jail outside the control of the prison staff.

Water reprieve hope in Wales

With water savings of up to 50 per cent. last week compared with consumption in the week beginning July 19—the last full week of industrial working before the holiday season—there is hope that threatened 50 per cent. cuts in supplies to South-East Wales industry from September 15 will be postponed. **Page 6**

Beirut shelling

Mutual shelling of Christian and Moslem residential areas resumed in Beirut yesterday resulting in further loss of life and damage to property. **Page 6**

Inventor dies

Mr. Percy Shaw, son of a dyer's labourer who became a wealthy man after inventing cat's eye road studs, has died. He was 86. **Page 2**

Briefly . . .

Bomb exploded in centre of Imphal, Manipur, India, injuring 21 people.

Prizes for 109,476 Premium Bonds to be drawn this month total more than £5.16m.

Thanksgiving service for the life of the late Lord Feather, former TUC general secretary, is to be held at St. Martin in the Fields, London, on October 14.

BUSINESS

Equities rise 4.7 to 355.8; gilts dull

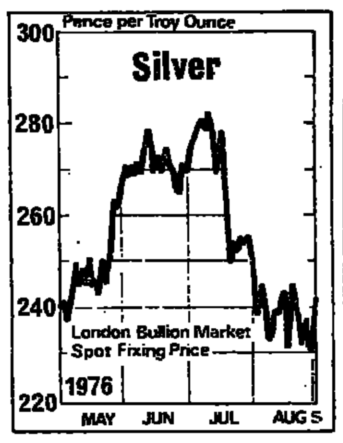
● **EQUITIES generally gained ground, although early enthusiasm was dampened by mildly disappointing ICI results. FT 30-Share Index 5.6 ahead at 1 p.m., closed at 355.8, up 4.7 on the day.**

● **GILTS had a quiet day. Some short-dated stocks were slightly easier; mediums and longs were unchanged.**

● **STERLING closed at $1.7740, down 10 points. Its trade-weighted depreciation was unchanged at 39.6 per cent.; dollar's narrowed to 2.50 (2.54) per cent.**

● **GOLD rose 50 cents to $106.125.**

● **SILVER surged ahead, as a result of moves to cancel stockpile sales. Spot silver on the London bullion market rose 11.5p to 241.9p before closing slightly below the fixing.** Page 27



● **SUGAR prices dropped sharply, the London daily price falling to £122 a ton, the lowest since the end of 1973. Page 27**

● **WALL STREET slipped 1.16 to 984.79 on profit-taking and inflation worries.**

● **U.S. MONEY SUPPLY: M1 $306.5bn. ($307.3bn.): M2 $714.8bn. ($714.1bn.); commercial and industrial loans, up $308m. (down $168m.): 90-119 day paper 5.30 (5.35) per cent.**

● **MEXICAN central bank quoted the peso at an effective devaluation of 64.8 per cent. after the decision to float the currency. Back Page.**

Plan for MFC fleet dropped

● **PROSPECT of orderly reorganisation of Maritime Fruit Carriers' refrigerated fleet has receded with Sea Containers' decision to abandon a bid to set up a joint venture with the ailing shipping company. Back Page**

● **FIRST of U.K.'s second-generation nuclear power stations, Hinckley Point B, will provide 1,000 MW for the national grid next winter. Page 7**

● **PROVINCIAL newspapers halted by the dispute with the National Graphical Association are expected to be published normally to-day, after an agreement between the union and the Newspaper Society. Page 7**

● **STOCK EXCHANGE turnover fell 10 per cent. last month to £5.4bn., the lowest monthly total since last September. Page 20**

COMPANIES

● **ICI made pre-tax profit of £241m. (£151m.) on sales of £1.96bn. (£1.5bn.) in the first half. Volume of sales in the U.K. was static in the second quarter, while the recovery in overseas markets continued, though at a slower pace. Page 19, Back Page and Lex**

● **SLATER WALKER report and accounts, plus a condensed version of the investigating accountants' report, will be sent to shareholders on September 14. Page 19**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Allied Colloids	120	+ 4
BATs Defd.	205	+ 5
Bank of Scotland	239	+ 6
Beaverbrook "A"	31½	+ 2½
Brent Chemicals	87	+ 4
BET Defd.	71	+ 4
Brown (J.)	94	+ 4
EMI	204	+ 5
Glaxo	360	+ 5
Goldfields Prop.	30	+ 5
Guinness Peat	173	+ 8
Hambro Life Assur.	197	+ 5
Hawker Siddeley	392	+ 6
Inchcape	377	+ 10
Ladbroke	89	+ 3
Lee Cooper	142	+ 5
Lex Services	33½	+ 2
Matthews Wrightson	189	+ 4
Primrose	103	+ 6
Provident Financial	60	+ 5
Reyrolle Parsons	101	+ 4
Scot. Heritable Trust	25½	+ 3½
Simon Eng.	121	+ 4
Spencer (G.)	30	+ 4
Stoddard "A"	33	+ 3
Tube Invests.	329	+ 5
Weyburn Eng.	312	+ 14
BP	588	+ 25
Burmah Oil	38	+ 4
Shell Transport	406	+ 8
Anglo Amer. Corp.	232	+ 11
Free State Geduld	925	+ 75
Utah Mining	450	+ 15
West Driefontein	£14½	+ ½
Western Areas	114	+ 14

FALLS

Hall Eng.	114	− 4
Peachey Prop.	36	− 2½
Weeks Nat. Res'rces	70	− 6
South African Land	55	− 11
Western Deep	580	− 30

Unemployment still at 1.2m. by next year says Institute

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Unemployment will continue rising until the first quarter of next year and then only drop slowly during 1977, according to the latest National Institute Economic Review published this morning.

This forecast contracts with repeated Ministerial statements that unemployment should start to fall before the end of this year, and comes at a particularly sensitive time ahead of the TUC annual Congress next week.

The Review says its projection that unemployment seasonally adjusted and excluding school-leavers, will only be down to 1.2m. by the end of 1977 (against 1.3m. now) is "perhaps the most worrying aspect of the current forecast."

Otherwise, the main features of the forecast are that the current recovery in output will continue over the next 18 months—at an annual rate of 3.6 per cent. in real terms in 1977—with a "quite sharp" rise in private investment, but interest rates will rise and inflation is unlikely to fall below 10 per cent. on a year-on-year basis, before the end of next year.

The Institute warns that every move to stimulate demand and hence employment (apart from still higher exports) will slow down the restoration of balance in the external accounts.

It is in any case forecasting a rise in the current account deficit in 1976 from £1.7bn. to £1.95bn. before a drop to £1.5bn. next year with a movement back towards balance early in 1978.

"It would be very desirable for the rate of improvement in the U.K. balance to be speeded up," but to achieve this some other countries would have to pursue less cautious management policies than they would choose on their own.

The Review points out that at the EEC level, institutions exist for working out what would amount to a partial mutual adjustment of economic policies.

The Review argues against any immediate new U.K. initiative (either on the exchange rate or import restrictions), on the grounds that the big effective devaluation of sterling only occurred six months ago "and that it will be some time before the full benefits come through."

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The fall in sterling is expected to keep inflation at about its present rate of 14 per cent. until mid-1977, but then it should decelerate under the impact of stage two of the pay policy.

But the Institute warns that "if the rate is to go on slowing down thereafter, there is no room for any rise in the annual rate of increase in earnings above the figure of 9 per cent." assumed for the 1976-77 stage of the policy. "A lower figure than this is desirable."

While "there is a good case for trying to restore some flexibility in the movements of relative wage rates, there is none at all for accelerating nominal rates." The review argues that "the link forged tentatively this year between budgetary policy and incomes policy could be strengthened."

The Institute points out that even on the assumption of no break in the pay policy in stage two and a 9 per cent. rise afterwards, the 10½ per cent. rise in consumer prices on a year-on-year basis by the end of 1977 is "rather in excess of the Chancellor's objectives."

But "there appears to be very little that can be done to prevent it, in the absence of even greater intervention in the foreign exchange market."

The main general difference between the Institute's forecasts and the known views of the Treasury appears to be in the assumptions about the growth of world trade, and hence the forecasts for the expansion of export volume, Gross Domestic Product and of the visible deficit.

The Institute is working on the assumption of a rise in world trade in volume terms of 10 per cent. this year, and 8 per cent. in 1977, while the Treasury projected increases of 14 and 13 per cent. respectively for both

Continued on Back Page

No standby credit drawing made for second month

BY OUR ECONOMICS CORRESPONDENT

BRITAIN made no drawings in August on the $5.3bn. central bank standby credits for the second month running.

This became known yesterday after the announcement that the U.K. official reserves fell by $341m. last month to $5.03bn. after foreign currency borrowings of $185m. by the public sector under the exchange cover scheme.

The double-edged news of no use of the standby but a fall in the reserves made little apparent impact on the foreign exchange market yesterday.

The pound strengthened during the afternoon before closing 10 points down on the day at $1.7740. The weighted depreciation was unchanged at 39.6 per cent.

The underlying fall in the reserves of $526m. before public sector borrowing confirms that there had to be some official support for the pound during parts of last month even after taking account of the impact on the reserves of Government transactions and the recent deterioration in the current account deficit.

The authorities were drawing a little comfort yesterday from the absence of any drawings from the standby over the past two months. A total of $1.06bn. has been used so far.

But despite fairly stable conditions in the foreign exchange market over the past couple of months. Britain has not been able to rebuild its reserves which have fallen by $283m. in the past two months despite public sector borrowing overseas of $511m.

This is likely to strengthen the belief, on both sides of the Atlantic, that Britain will be forced to apply for a further loan from the IMF later this year.

The National Institute, for example, points out in its latest review this morning that the standby clearly cannot be repaid out of reserves which stood at only $5.465bn. (before the latest fall was announced), and represent little more than one month's imports. The Institute does not mention the IMF specifically.

The official view, however, remains that all options remain open and that no decision is likely to be made until after the middle of next month.

The authorities want to see what further use is made of the standby credits, which may partly depend on whether they are willing to allow the reserves to fall below $5bn., and on the extent and potential for other overseas borrowing by the public sector.

While there have been suggestions that the existing standby credit might be extended beyond December, it is pointed out in London that the clear and stated intention is to repay any amounts outstanding on the due date.

While a further drawing from the IMF may not officially be regarded as a foregone conclusion, the alternative would presumably have to be even heavier than recent public sector borrowing abroad or a large direct overseas loan for the Government itself.

The $185m. of public sector borrowing overseas last month consisted in the main of $150m. for the National Water Council as the second half of a syndicated loan arranged by Orion Bank.

£ in New York

—	Sept. 2	Previous
Spot	$1.7736-7741	$1.7782-7759
1 month	1.24-1.19 dis	1.25-1.22 dis
3 months	[illegible]-3.51 dis	3.42-3.37 dis
12 months	12.30-12.20 dis	12.20-12.10 dis

N. Sea boost for BP profits

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH PETROLEUM is beginning to reap the benefit from its £800m. investment in the Forties Field. The company yesterday attributed much of its improved second quarter profits to the build-up of production from the North Sea field.

Net income for the second quarter was £51.8m. as against £37.3m. for the corresponding period last year and £20.2m. for the first three months of this year. The results were better than recent forecasts in the City and, as a result, BP shares quickly rose to 588p, a gain of 25p on the overnight position.

The exact contribution of the Forties Field venture to BP's profitability was not made known although the company said that the higher profit was "mainly due" to the build-up of production.

During the April-June period, Forties production averaged 135,000 barrels a day, but by the end of the three months had risen to 160,000 b/d. The quarter also saw the start of exports to the Continent and the U.S. of oil produced from the field. It is believed that about £20m. worth of Forties oil was exported in the three months to the end of July, much of it to BP's associate companies overseas.

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Tests on Brae Field Page 7

Production from the field should have a growing impact on BP's results since output, now at about 220,000 barrels a day, is expected to rise to 400,000 b/d next year.

BP's half yearly results shows that the group paid £22.4m. in petroleum revenue tax on the sales of Forties oil during the first six months of 1976.

Net income for the half year was £72m. on total sales of £5.78bn. as against £79.5m. in the corresponding period of 1975. Total sales tonnages for the six months were 2.9 per cent. below last year's level. Sales of crude oil were down by 14.9 per cent. although sales of products and chemicals rose by 9.7 per cent. reflecting a gradual improvement in the general economic conditions.

The directors concluded that the improved profitability in the past quarterly period still left the returns on sales at a generally unsatisfactory level, particularly in Europe where losses continued to be made in some areas.

BP has increased the interim from 6.25p to 6.875p.

For latest Share Index 'phone 01-246 8026

Kosygin misses Brezhnev send-off

By David Satter

MOSCOW, Sept. 2.

THE MYSTERY surrounding the health of Mr. Alexei Kosygin, the Soviet Prime Minister, deepened to-day, when he failed to appear at a Moscow Airport send-off for Mr. Leonid Brezhnev, the Communist Party general secretary, and Mr. Nicolai Tikhonov, a deputy Prime Minister, was appointed to the position of First Deputy Prime Minister.

Mr. Kosygin's health has been the subject of constant speculation in Moscow since the story appeared on Monday in the London Evening News, saying that Mr. Kosygin, aged 72, had a heart attack and nearly drowned while swimming last month near his summer home.

The story appeared under the byline of Victor Louis, the well-informed Soviet citizen who is the paper's Moscow correspondent. But Mr. Louis has since denied writing the story.

Kosygin and Brezhnev . health doubts.

Despite Mr. Louis's disavowal, however, there were still indications to-day that the report of Mr. Kosygin's illness was probably true.

Mr. Kosygin was one of only six members of the ruling Soviet Politburo who failed to appear at the send-off for Mr. Brezhnev, 70, who left Moscow for Alma Ata, to attend a meeting of party and economic officials in the Kazakh Republic.

Of the absentees only Mr. Andre Kirilenko, a secretary of the Communist Party Central Committee, is normally based in Moscow, apart from Mr. Kosygin, and could have been expected to have been there. Mr. Kirilenko, however, has been deputising for Mr. Brezhnev this summer and may be on holiday. Last year and earlier this year there was speculation about Mr. Brezhnev's own state of health.

The announcement of the

Continued on Back Page

Leyland loses all production at Longbridge

BY DAVID CHURCHILL, LABOUR STAFF

A STRIKE by British Leyland toolsetters yesterday led to a virtual shut-down of the Longbridge plant in Birmingham, halting all Mini and Allegro production and forcing the lay off of 18,000 workers.

This blow to Leyland came as the company was predicting that a strike at the Lucas Group, one of its major component suppliers, was likely to hit car output within the next few shifts and on top of a continuing dispute at Cowley, Oxford, where some 300 Princess models are being lost each day.

Altogether Leyland is now losing about 1,100 cars daily and since the latest crop of disputes started last week it has lost well over 5,000 cars, worth about £10m. at retail prices.

Walk out

Last night a new dispute began at the Castle Bromwich plant in Birmingham when 200 electricians walked-out over an internal demarcation dispute. This had no immediate effect on production or manpower but could begin to hit output to-day as electrical faults occur and are not repaired.

The number of lay-offs at Longbridge increased yesterday from 3,000 to 18,000 because of a strike by 200 toolsetters. Among the first group of lay-offs yesterday due to the strike were maintenance men, including electricians and toolroom workers, and this subsequently led to a walk-out by their colleagues on the basis of "one out—all out." Production is considered impossible by Leyland without maintenance workers as the effects of machine breakdowns tend to multiply along the assembly lines.

The toolsetters, members of the Amalgamated Union of Engineering Workers, are claiming extra pay for training machine operators. This is the latest flare-up in a long-running campaign by Leyland skilled workers to improve their differentials which they claim have been eroded by the rigidity of successive pay policies.

The strikers, who began their industrial action on Monday, have ignored union advice to return to work—in line with official AUEW policy to support pay restraint—and are not due to meet again until Monday although the effects of their dispute is likely to lead to more urgent talks to-day and over the week-end in an attempt to settle the strike.

Leyland's decision to lay off the 18,000 yesterday afternoon—leaving some 4,000 white-collar and other staff not directly affected by the dispute still working—came only hours after a return to work by some 6,000 production workers who had been laid off by a strike by 92 engineers. This strike was also over a pay claim to restore differentials but the engineers finally accepted union advice to return to work on Tuesday as their claim, if implemented, would breach the new pay policy.

The continuing threat to the rest of Leyland's production comes from the strike at Lucas, which provides starters, alternators, and electrical equipment for all Leyland models.

Some 235 electricians at Lucas are on strike over a claim for improved sickness pay which the company says it is unable to meet in full since this would set off a chain-reaction with other groups of workers demanding increases to restore their differentials on sick pay.

The strike has already led to two of Lucas's 13 Birmingham factories being closed down with over 2,000 laid off. A further 300 of the 15,000 total labour force are likely to be laid off to-day with the rest expected to follow during next week unless the strike is resolved.

At Leyland's Cowley, Oxford, plant yesterday production of Princess models was again hit—with only an hours' finished production—because of a strike by various groups of workers in support of four Transport and General Workers' Union shop stewards who had their stewards facilities withdrawn by management for calling an unauthorised meeting.

Meanwhile, Jaguar workers at Coventry intend to operate an overtime ban this week-end as part of its continuing industrial action against a management decision to site a new £25m. paint shop in Birmingham instead of Coventry.

Earnings up

Leyland will shortly publish figures showing that it managed to build on its profitable first half of this financial year with a further three months of rising earnings up to the end of June. The company was not due to present its next round of figures until January but it needs to provide the figures to the end of June to enable its parent organisation, the National Enterprise Board, to present its statutory half year report. Details Page 6. News Analysis on the Jaguar dispute Page 7

LOMBARD

Soft-hearted, not soft in the head

BY ANTHONY HARRIS

PEOPLE IN THIS country so far seem to be showing much less interest in Governor Jimmy Carter than they did in the then-unknown Jack Kennedy, or even in the woolly-brained Senator George McGovern (remember him?) four years ago. This is almost certainly a great mistake, for Carter is in some ways the most significant challenger for high office who has arisen in a very long time indeed. Even if by some chance he fails to get elected on November 2, he stands for something which is important, and which I fancy is going to be the wave of the future not only in the U.S., but *in Europe; and he is offering a* free education to our Labour Party which it hardly seems to have noticed.

The reason everyone is missing the point about Carter is that we love to think in stereotypes. Right-wing means hard-headed, interested in efficiency, economical, but insensitive (in spite of muddle-headed initiatives like Concorde and the VC-10, and starry-eyed liberals like Edward Boyle and Peter Walker). Left-wing means sympathetic, men and women who don't understand a balance-sheet. Between the two lies the Centre.

Suspicion

Carter doesn't fit. Some of his attitudes—towards blacks, towards the rich, towards welfare—are clearly left-wing, and pretty solid left. Others—towards private enterprise, on financial policies and on the Washington machine—seem to come from the right, and an almost Poujadist right (remember *him?*) at that. People react to this mixture with suspicion. Yet if you simplify the description to a short phrase—socially progressive, but financially conservative—you have a description of an approach that a lot of people are fumbling towards. The list might include Sir Keith Joseph, Denis Healey and Valery Giscard D'Estaing. What Carter has done is to give the mixture a positive appeal. Where the European practitioners offer a mixture of middle-class guilt and economic theorising, Carter talks realities: he's for welfare, but against bureaucracy.

Will it really mean anything in action, though? One proposal which suggests it might is that all public spending programmes should be subjected to zero-base budgeting. This is a very American invention which came originally from Texas Instruments, and it means simply that every spending department has not merely to make a case for any expansion it plans in the annual spending review, but to justify its claim to any Budget at all, as if it was a brand new idea.

The Americans, of course, simply love inventing management gadgets of this kind, and one would have to be very naive to believe that zero-base budgeting will actually involve a fundamental review of the whole machinery of Government every year; indeed, it would be a frightful waste of time if it did. All it can do is to provide an opportunity for a vigilant Minister or Committee to ask the right questions.

Practical

That in itself could be a very important practical advance. If it is no longer sufficient to say that such and such is the establishment we had last year, and argue a case only for the creation of a couple of new administrative posts, then it becomes possible to trim administration in a sensible way — not in the quinquennial financial crisis, but when the actual work-load of a department changes.

However, it is the political rather than the administrative possibilities that seem to me exciting. The unpopularity of the civil service in this country is an obvious fact, which gravely worries intelligent civil servants; yet very few politicians have had the sense to make an issue of it. With a few exceptions — of whom Mr. John Garrett, a Tribunite Socialist, is the most persistent I have watched — everyone seems to take it for granted that the great fiction of our national income statistics is true: that is, that the output of public service can be measured by the money which is put in. For fiscal conservatives, "wasteful public spending" becomes a kind of definition, and they attack the whole thing; for the Jack Joneses of this world, an attack on public spending is an attack on the weak and the poor, and the resources wasted on the Department of Circumlocution (only invented as somewhere for Sir X.Y. to deploy his well-known incompetence without doing any actual harm) is part of the social wage no less.

Jimmy Carter has shown how you can cut through this nonsense, and win votes from both sides of the argument.

He did not get nominated by accident.

RACING BY DOMINIC WIGAN

Strong Ascot winner Avgerinos deserves another chance

IN THE belief that *Avgerinos* simply had an off-day when going down at odds of 2-11 at Newcastle recently, I am prepared to give him another chance in to-day's Intercraft Solario Stakes (3.05) at Sandown.

The Seven Barrows juvenile, who was always being held by Pub Spy in the final furlong of his race at Gosforth Park, the Wansbeck Stakes, had previously put up a completely contrasting performance when landing the prestigious Granville Stakes at Ascot.

There, Avgerinos, a handsome and powerfully made son of Welsh Pageant, got up close to home to peg back Mandrake Major after a slow start. The runner-up, who is rated by Denys Smith the best juvenile in his powerful Bishop Auckland stable, has since paid a useful compliment to the form with an easy success at Newmarket.

In what promises to be one of the more informative juvenile events of the autumn, *I take* Avgerinos to return to winning form at the chief expense of the unbeaten Northern challenger in Haste, who followed up Newcastle successes achieved in June and July by defeating the highly-rated Taffytania in Ayr's £3,000 Heronslea Stakes last month.

SANDOWN
2.00—Shuwaiman
2.35—Colourful Connie
3.05—Avgerinos***
3.55—The Goldstone
4.05—Belle Bretonne**
4.40—Gale Bridge*

CHESTER
2.45—Selenis
3.15—Marie Louise
3.45—Boco

In addition to the Intercraft Solario Stakes there are several *good races on the card, including* the two-mile Hook Handicap (4.05), in which I like the chance of *Belle Bretonne*, the mount of Pat Eddery, who partnered last year's winner Regal Rocket.

Belle Bretonne, a five-year-old Saltic Ash mare, put up a useful performance at Lingfield in June when getting the better of the progressive Guido Fawkes. A reproduction of that running will make her extremely difficult to beat.

Some 35 minutes after the Hook Handicap I shall be disappointed if *Gale Bridge*, a chesnut daughter of that remarkable racehorse and stallion, Vaguely Noble, cannot regain winning form in the Atalanta Stakes (4.40), in which that resilient filly Solar is likely to provide the chief threat.

Man who made a million from cat's-eye studs dies at 86

MR. PERCY SHAW, who became a millionaire by inventing cat's-eye road studs has died at his 18th-century home in the middle of a 20-acre site which produces half a million a year.

He was 86 and a bachelor, but the factory at Boothdown, Halifax, is a family affair. His 80-year-old sister, Mrs. Phyllis Horton, a widow, is a director, and two nephews are joint company secretaries.

"Right up to the end he kept in touch with the business," said one nephew, Mr. Joseph Horton. "Living in the middle of it all, he didn't have far to go."

Son of a dyer's labourer, Mr. Shaw got his big idea invention from Halifax tramlines. Laid down the middle of the road, their reflected light helped motorists. When the tramlines were taken up he missed the familiar gleam and decided to make reflecting road studs.

That was in 1933. The breakthrough he achieved was a self-wiping device to stop mud obscuring the reflectors.

The war brought mass orders from the Ministry of Transport, pleased at the way the studs showed the way to motorists without offending the blackout regulations.

In 1965 Mr. Shaw was awarded the OBE as a mark of the cat's *eyes contribution to the common* good.

By now his company, Reflecting Roadstuds, has made around 15m. cat's eyes. Mr. Horton said: "The patents ran out several years ago, and there are other types of road-studs, but we are still the only manufacturers of real cat's eyes."

Mr. Shaw, who came from a family of 14, lived alone. He did not like carpets and curtains and there were none in his home. He did permit himself three Rolls-Royces—and a cellar full of crates of Worthington White Shield beer.

High prices for airmails

FINANCIAL TIMES REPORTER

THE SECOND DAY of Stanley Gibbons' three-day auction of air mails brought the total so far to £61,049. Buyers from 15 different countries were present and some of the highest prices ever paid for air mails were realised. A cover carried by a zeppelin in 1930 bearing the U.S. set of three zeppelin *stamps cancelled on the first day* of issue, fetched £1,250 against an estimate of £800.

A card carried in 1912 by the Rhein and Main air post in Germany made £420 against an estimate of £50. The same price was paid for seven different picture cards showing the royal family of Hesse, used betweeen June 12 and 22, 1912, on the Rhein and Main air post. These *had been expected to sell for* around £100.

New IBA relay transmitting

The Independent Broadcasting Authority's new UHF television relay station at Larne, Antrim, has now begun transmitting, carrying the programmes of Ulster Television on Channel 49. This local relay should provide 625-line and colour reception for about 12,000 people.

Air halt between U.S. and U.K. 'inconceivable'

BY JAMES McDONALD

THE POSSIBILITY of a suspension of air services between Britain and the U.S. was described yesterday as "inconceivable" by **Mr. Henry Marking**, managing director of British Airways, in London.

The threat of suspension, by Mr. Elliot Richardson, U.S. Secretary of Commerce, was made last week in reaction to Britain's decision to seek a renegotiation of the 1946 bilateral agreements.

What was required, said Mr. Marking, was a "cool business-like appraisal of the situation on North Atlantic air routes." This approach, rather than "sabre rattling," was likely to help the negotiations forward.

Realistic

"Renegotiation of the U.S.-U.K. bilateral agreement on air services should not be looked at as confrontation but an opportunity for two governments, both with vital interests, to sit down together to work out how air services can be better regulated to the benefit of both."

In 1976, Mr. Marking added, about 2.75m. passengers would be travelling on scheduled services between the U.S. and the U.K. and just over 750,000 on charter services. "To be realistic, a cessation of air services between our two great nations *is* inconceivable."

Commenting on future aircraft purchases by British Airways, Mr. Marking said decisions still had to be made on a short-to-medium range replacement for the airline's Tridents and Viscounts. This opened up interesting possibilities for the British aircraft industry "whether in co-operation with European or American manufacturers." *But he gave the warning* that time was not on the side of British industry "if chances were not to be lost."

Mr. Gerald Kaufman, Minister of State for Industry and the guest speaker at the conference, said that the British Government was wholly in favour "in principle" of European collaboration, either on its own where this made sense, or with the Americans.

"Collaboration will not of course eliminate competition. There is plenty of evidence that in all the main market categories there will be at least two or three *contenders for future airline* orders."

Mr. R. Sowter, managing director of Airlease International Management told the conference that despite the continued productivity of the airlines, "the return on investment is inadequate."

Airlines, he said, should rationalise to a greater extent and adopt the integrated approach which the owners of SAS, for example, adopted 30 years ago.

Mr. Nigel Foulkes, chairman of the British Airports Authority, said that last year about 30m. passenger journeys were made through the London area airports, 20m. by British residents. "As far as we can tell, these 20m. journeys were made by only 4m. people, from a population catchment area of about 35m. And 2m. of the 4m. made only one round trip."

Over the next 20 years it was conceivable the number of journeys could grow to 120m. a year, most of the increase being generated from the leisure market. To handle this increase airports are likely to develop increasing specialisation of the business and leisure markets. The two kinds of passenger are likely to be gradually separated also.

It was possible the leisure traveller could be separated from the businessman inside one terminal, by time of day and by batch processing as distinct from the individual processing of the business market.

"Later we may see a separation into different terminals in one airport, and perhaps eventually a further partial or complete separation into different airports, if the seasonal peaks *of the leisure market are* smoothed off."

Mr. R. Abraham, member of the executive board of Deutsche Lufthansa AG, said: "We are prepared to contribute, in close liaison with the aerospace industry, to the definition and specification of new aircraft. We will continue to search for possibilities of expanding our co-operation within ATLAS (Alitalia, Air France, Lufthansa and Sabena) into areas where productivity enhancements can still be expected.

"We will make every effort that our policy and decision making will remain free of poli*tical influences and solely based* on economical and market considerations."

Mr. H. White-Smith, a life director of Willis, Faber and Dumas, the insurance brokers, said that wide-bodied aircraft *to-day were valued at $40m.* and supersonic aircraft at $60m., with airlines carrying liability *limits of $250m. or more.*

Settlements on international flights in many cases are $75,000 per passenger or more, he said, while settlements in cases in the U.S. courts are now seen at over $1m. for individuals quite regularly. "What will come next?" Possible were "hypersonics" with 200 seats or fuel-economical 800 seaters: "The first with a potentially enormous hull value and the second with a horrifying potential of passenger liability."

Professor Massimo Trella, technical director of the European Space Agency, told the conference that Europe was going to be a consumer of space technology at the same rate as all other major industrial countries.

"Europe should continue to develop a complete capability in space, not only of parts of systems, but for complete systems because *only in this way will it* maintain its qualifications as an indispensable partner in the wide international co-operation which is expected to take place in the next few years."

FINANCIAL TIMES World Aerospace CONFERENCE

Mr. Willis Player, senior vice president of Pan American World Airways, forecast that in the future operation of aircraft and spacecraft would be fully automatic and therefore safer than to-day's operation.

"Ticket offices and reservation staffs will have disappeared. The customer will request his itinerary and receive his reservation from his household communicator and he will need no ticket or other travel documentation. The single all-purpose card that will be a part of each person's life will serve as passport, baggage check and boarding pass." Airline airport staff, he suggested, would no longer exist.

Air Chief Marshal Sir Neil Cameron, chief of the air staff, Ministry of Defence, commenting on developments in technology and how they might affect the military air operation added: "However, we need the money and indeed the spirit to take advantage of them. We also, of course, need the associated research effort."

Britain, he said, must ensure that *its investment* was as wise as possible, "particularly in this country with defence money so short, by breaking away from replacement thinking and making the most well-informed forecasts possible of our future tasks, the future operational environment, and our future concepts of operations."

Protectionist

Mr. Chatrachai Bunya-Ananta, vice-president, marketing, of Thai Airways International, said: "We do not see joining of IATA (the International Air *Transport Association)* as a solution." An active dialogue with the airlines within "our scope of operation" developing similar spheres of interest was being sought.

Mr. Lim Chin Beng, managing director of Singapore Airlines, said that a problem facing the Orient airway carriers in the international scene was the "increasingly protectionist attitude adopted by the airlines and governments" not just in terms of traffic rights but in terms of service that could be provided in aircraft.

One aeronautical authority, he claimed, had acted to forbid Singapore Airlines from offering its first-class passengers "slumberettes" in its Boeing 747s without first obtaining permission from the authority.

British Caledonian plans new BAC One-11 service

British Caledonian is planning to upgrade its London-Manchester route from January 1 next year *with the introduction* of BAC One-11 airliners.

The move, which will reduce the present 1 hour 10 min. flight time by some 20 minutes, is being prompted by increased passenger traffic stemming in part from a rise in the number of textile industry businessmen travelling to West Africa, British Caledonian said yesterday.

The aircraft used will be among the first to feature a re-styled, wide body passenger cabin interior, which is to be a feature of all British Caledonian BAC One-11 jetliners.

At present, London-Manchester services are operated on behalf of the airline by British Island Airways Dart Herald airliners. Under the new plan a *Herald will continue to operate* a new lunch-time flight from Manchester each weekday, returning in the evening, as well as some weekend services.

At the same time, British Caledonian plans to substitute the One-11 airliners at present used on its London-Rotterdam route so that by the end of the year all services on this route are operated by BIA Dart Heralds.

The plan to introduce Dart Heralds on the London-Rotterdam route is dependent on Civil Aviation Authority approval, and an application for this has already been submitted.

APPOINTMENTS

Senior changes at Barclays

Mr. Deryk Weyer, at present a director and senior general manager of BARCLAYS BANK, has been electe da vice-chairman of the bank from January 1, 1977. He will have special responsibilities for co-ordination of group policy affecting finance, planning and marketing. Mr. Weyer will *be succeeded as senior general* manager by Mr. D. G. Horner, who is a general manager and a director of Barclays Bank U.K. Management. Mr. F. R. Dolling, a director and senior general manager of Barclays Bank International as from the beginning of next month, has also been appointed a director and general manager of Barclays Bank.

★

Mr. Derek P. F. Wheatley has become legal adviser to LLOYDS BANK in succession to Mr. F. C. L. Bell who has retired. Mr. Wheatley, a barrister, joined the Bank as deputy legal adviser in 1974.

★

Mr. Stanley A. Brown has been appointed managing director of the INSURANCE CORPORATION OF IRELAND (LIFE) on the retirement of Mr. D. Herlihy, who continues as deputy chairman.

★

Mr. J. A. Rhind has been made president and chief executive officer of the CONFEDERATION LIFE INSURANCE COMPANY and a member of the Board. His appointment follows the recent retirement of Mr. J. Craig Davidson as president for reasons of health.

★

Mr. Barry W. Cameron has been promoted from assistant director of the LONDON AND WESTMINSTER (STERLING BROKERS) to that of a full Board member.

★

Mr. P. J. White has been appointed a director of KIRKLAND TIMMS.

★

Mr. Alex Clyne has been appointed managing director of ABERDEEN SERVICE COMPANY (NORTH SEA). He was previously a director and general manager of the company, which is a subsidiary of Sidlaw Industries.

★

Mr. P. R. Chandler has resigned as financial director and secretary of EAST SUSSEX ENGINEERING GROUP *and as* a director of all subsidiaries.

★

Mr. David Wyndham-Smith is retiring from the Board of HARRISON AND SONS on September 30.

Mr. M. G. Rider is to terminate his employment with AMOS HINTON AND SONS and his request to resign as finance director has been accepted as from November 30. He joined the company as finance director at the beginning of 1970. Mr. Rider will be leaving the area to take up another commercial appointment with a company with overseas interests not connected with the retail food trade.

★

Professor Lord Kaldor has rejoined the Board of "INVESTING IN SUCCESS" EQUITIES.

★

Mr. J. V. Bisset, formerly Nottingham Manufacturing and ICI Fibres, has joined ERIC BRITTON AND CO., a member of the textiles division of Whitecroft, as managing director. He succeeds **Mr. A. A. Smith**, who moves to Chorley Bleaching as managing director in place of **Mr. J. A. Ingham**, who is retiring. **Mr. N. A. Orme** becomes managing director of Sykes and Co. and retains his position as managing director of another Whitecroft textile subsidiary, Jolly and Jackson. **Mr. J. G. Brown** has become financial director of the Midland Leather Company and **Mr. H. Broughton** a director of Bolton Engineering.

★

Mr. Ray Norris has been appointed to deputy managing director of E. C. DE WITT AND CO. He was previously financial director and retains his position *as company secretary.* **Mr. L. J. Godfrey** has become chairman of De Witt International's Group Marketing Committee following the decision to centralise the group's international marketing *activities in London.*

★

Mr. Peter L. Pain has been appointed a director of BARTON BROTHERS (WORTHING), a subsidiary of G. R. Francis Group where he has been a general manager since 1974.

★

Mr. V. G. Marks, Mr. M. R. Redway, Mr. L. G. Lillywhite and **Mr. K. R. Ashby** are to join STERNBERG THOMAS CLARKE AND CO., stockbrokers, on September 6 as associate members.

BANK RETURN

—	Wednesday Sept. 1 1976	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	19,005,068	— 1,163,801
Special Deposits	1,037,170,000	—
Bankers	288,959,572	+ 330,119
Reserves & Other Accs	465,606,921	+ 87,501,725
	1,856,194,561	+ 89,668,045
ASSETS		
Govt. Securities	1,526,079,840	+ 98,680,001
Advanced & Other Accs	219,824,858	+ 1,073,448
Premises, Equip't & other Secs	83,861,402	+ 149,991
Notes	26,186,477	— 10,224,028
Coin	241,990	— 11,363
	1,856,194,561	+ 89,668,045
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,775,000,000	+ 25,000,000
In Circulation	6,748,813,523	+ 35,224,028
In Bank'g Dept	26,186,477	— 10,224,028
ASSETS		
Govt. Debt	11,015,100	
Other Govt. Secs	6,155,119,996	+ 83,902,279
Other Securities	608,864,904	— 58,902,279
	6,775,000,000	+ 25,000,000

TV Radio

BBC 1

† Indicates programme in black and white

7.05 a.m. Open University (UHF only). 9.40 Dastardly and Muttley. 9.50 Jackanory. 10.05 Devlin. 10.30 Reobarb. 10.35 The Boy From Lapland (part 6). 12.45 p.m. "Medden" Nhw. 1.15 News. 1.30 Camberwick Green. 2.00 International Show Jumping. 4.23 Regional News (except London). 4.25 Play School. 4.50 Why Don't You . . . ? 5.15 Avengers of the Reef (part 3). 5.40 Magic Roundabout.
5.45 News.
6.00 Nationwide.
6.45 Sportswide.
7.00 "Simon Simon," starring Graham Stark.
7.35 It's Childsplay with Morecambe and Wise.
8.10 Miss United Kingdom 1976.
9.00 Nine O'clock News.
9.25 Blackpool Illuminations.
9.45 Harry O.
10.35 Going for a Song.
11.05 Weather/Regional News.
11.07 The Friday Film "Devil Of Darkness," starring William Sylvester.

All Regions as BBC 1 except at the following times:—

Wales—1.30-1.45 p.m. Nant-y-Pant. 6.00-7.00 Wales To-day. 7.00-7.20 Heddiw. 7.20-7.35 Beauty is in the Eye. 10.35-11.05 Blodeugerdd. 11.05-11.07 News and Weather for Wales. 11.07-12.25 a.m. "Let It Be."

Scotland—6.00-7.00 p.m. Reporting Scotland. 11.05-11.07 News and Weather for Scotland.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-7.00 Scene Around Six. 10.35-11.05 Talking Heads. 11.05-11.07 News and Weather for Ulster.

England—6.00-7.00 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth). 10.35-11.05 North (from Leeds) Brass Roots: Yorkshire Schools Band; North-West (from Manchester) Breakthrough: Teenage Pop Group; North-East (from Newcastle) Travelling the Tees; Midlands (from Birmingham) Countrywide: September; West (from Bristol) The Past Around Us: The Roman Countryside; South-West (from Plymouth) Peninsula: Have Palette, Will Travel; South (from Southampton) A Cusden Portfolio; East (from Norwich) On Camera.

BBC 2

6.40 a.m. Open University.
11.00 Play School.
5.00 p.m. Open University.
7.05 Animal Marvels (part 1).
7.30 News on 2.
7.40 Industrial Grand Tour (part 3): The Iron-makers.
7.50 Settle the Score: Concert by school orchestras.
8.30 Centre Play Showcase.
9.00 *Pot Black: Snooker Championship.*
9.25 Cowboys of Colorado.
10.20 Five Red Herrings (part 2).
11.10 Newsnight.
11.25 Closedown.

LONDON

10.00 a.m. Untamed World. 10.20 Meet the Men from UNCLE. 11.50 Cartoon Time. 12.00 Kathy's Quiz. 12.10 p.m. Rainbow. 12.30 Tell Me Another. 1.00 First Report: News with Leonard Parkin. 1.20 Lunch-time To-day. 1.30 Marked Personal. 2.00 The Best of Good Afternoon. 2.30 Mid-week Racing. 3.50 Emmerdale Farm. 4.15 The Kids from 47A. 4.45 Magpie. 5.15 The Brady Bunch.
5.45 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Lucky Feller.
7.30 General Hospital.
8.30 You My Dear.
9.00 Victorian Scandals.
10.00 News at Ten.
10.30 Police Five.
10.40 Russell Harty.
11.30 The Friday Film: "Santan's Triangle," starring Kim Novak.

All ITV Regions as London except at the following times:—

ANGLIA

ATV MIDLANDS

BORDER

CHANNEL

GRANADA

11.50 Chess Masterpieces. 1.20 p.m. What On Earth. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.35 Kick Off. 7.05 Jonathan Routh and Candid Camera. 8.30 The Sweepstake Game. 10.30 For Adults Only. 12.15 a.m. UFO.

HTV

SOUTHERN

TYNE TEES

WESTWARD

YORKSHIRE

RADIO 1 247m

(S) Stereophonic broadcast.

RADIO 2 1,500m and VHF

RADIO 3 464m, Stereo & VHF

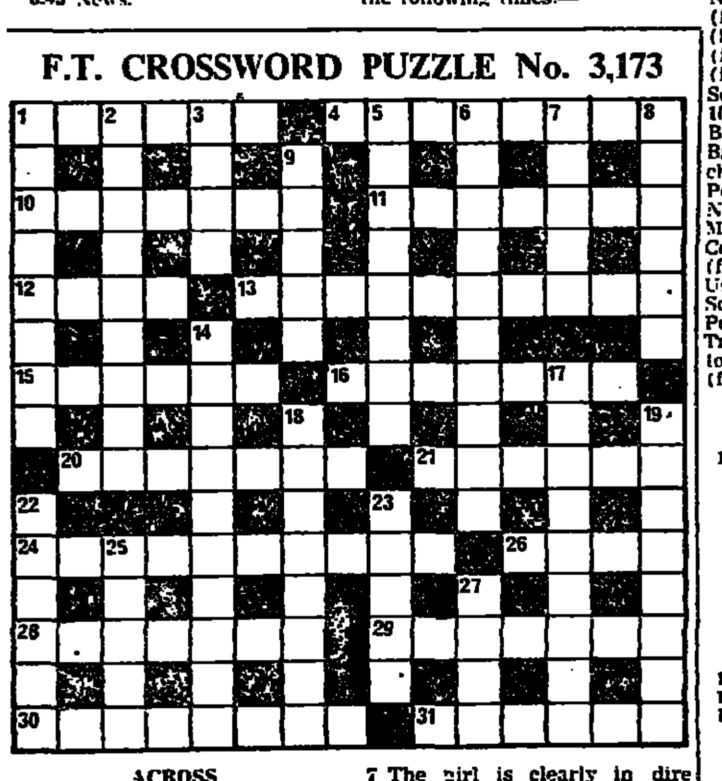
RADIO 4 434m, 330m, 285m and VHF

BBC Radio London 206m and 94.9 VHF

London Broadcasting 261m and 97.3 VHF

Capital Radio 194m and 95.8 VHF

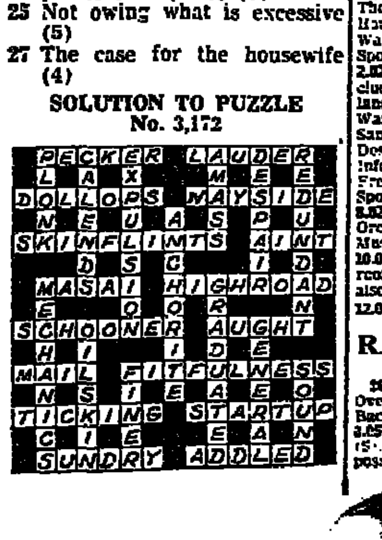
F.T. CROSSWORD PUZZLE No. 3,173



ACROSS
1 and 4 May attract custom or Peeping Tom (6, 8)
10 This game exhibits a fault in another (7)
11 Get back in a record West Indian beauty spot (7)
12 Baffle a person who serves to set off another (4)
13 They get on with everyone, but they sometimes stir things up (4, 6)
15 Dragged—by the ears? (6)
16 Red rose pot-pourri in church (7)
20 "Hesperus ——s thy light, goddess, excellently bright" (Jonson) (7)
21 There are stories about the ancient goddess (6)
24 Fair means of recovering earlier losses (10)
26 Keep this as a souvenir (4)
28 Demand from an illiterate road-agent in Hants (7)
29 Loyalist Irishman takes in three (7)
30 and 31 He makes the dough—and he needs it! (3, 5, 6)

DOWN
1 Turn-up a strange find immured (8)
2 Having no engagement like a streaker (7, 2)
3 A figure well known to cricket fans (4)
5 Cures for engineers with stamps (8)
6 "Them's my ——" (Thackeray) (10)
7 The girl is clearly in dire necessity (5)
8 It's the game that makes us complain (6)
9 Gladstone has a look within the darkness (5)
14 Deliver par to produce a classic winner (5, 5)
17 Transaction that brings proportion into the Championship (9)
18 Capital needed to preserve *graduate about to make a mistake* (8)
19 It is more effective to master a cannibal (3-5)
22 An idler—not quite the real worker (6)
23 Knocks into a policeman in a public conveyance (5)
25 Not owing what is excessive (5)
27 The case for the housewife (4)

SOLUTION TO PUZZLE No. 3,172



Oxford Playhouse

Dear Daddy

"People are, you know, as often ruined by their virtues as by their faults," thus speaks Bernard, in Denis Cannan's new play, more in self-defence than in wider reflection, for Bernard, once a company director had been given a golden handshake from his firm some years back, generously established trusts for his three children, and now finds himself calling them home to redistribute the trust income into his own distinctly threadbare pocket. His children, two sons and a daughter, just as generously agreed to sign away their income by a deed.

Having set up such a complicated and resonant notion with all kinds of possibility for drama of financial technicalities, tax loopholes (the income is to be paid through a Swiss bank), filial, second thoughts, and matrimonial tugs of war between Bernard's past wife, the mother of the children and his present one, Mr. Cannan does not develop it into present and future action. He neatly abdicates the issue and turns instead into more predictable twists and turns of memory lane. With full frontal exposure of a wide and copious library, complete with step-ladder and bottle of whisky tucked away in one corner, Bernard's family and wives, hit the hard stuff of autobiographical recrimination, amplified through well chosen literary anecdote. Bernard's self exposé is often brilliant, highly personalised, always well sustained; Nigel Patrick creates a credible monster of failure and eclecticism, with a redeeming drive towards reconciliation.

One of the great merits is that everyone salvages a certain dignity from the family reunion, or at least, in the case of Bernard's ex-wife (played by Phyllis Calvert), a continuation of alimony. But by indulging his taste for epigram too liberally, Mr. Cannan blurs our grasp of the bare bones of the family situation. Why should one of Bernard's sons, the beneficiary of a trust worth £25,000 always be on the cadge for a fiver? Such questions if posed, need answers.

For this other side of the generation gap, Joseph Blatchley, Jennifer Hilary and Patrick Drury all distil, in the cultural morass, moments of individuality and cleverly crafted bitterness. Isabel Dean plays the long suffering second wife. David William directs.

GARRY O'CONNOR

Cockpit

Wild Beest of London by B. A. YOUNG

This year marks the quatercentenary of London's first playhouse, but unfortunately for the Cockpit of our own day the Cockpit of Jacobean times died 10 years too soon, in 1666, to afford a second anniversary. However, the congruency of the names is enough to justify a Cockpit documentary as a conclusion to the festival of 17th-century drama that has occupied the present-day playhouse for the past 10 weeks.

Wild Beest of London is a colourful documentary telling the story of the Beestons, father and son, who founded the Cockpit in Drury Lane and kept it going on and off over the next 50 years in spite of such difficulties as destruction by hooligan apprentices, the 30 years' War, the death of James I, the execution of Charles I, the Civil War, the plague, the fire and the recurrent committal to prison of Will Beeston for not paying his debts or for playing without a licence.

It has been both written and directed by John Wiles and designed by Roger Glossop. The Cockpit auditorium, normally one of the most inimicably aseptic chambers to be found even in modern theatres—the Jeannetta Cochrane is positively cosy in comparison—has been converted most effectively into a fair replica of a Jacobean house, with seats around the thrust stage, a sandpit in the space where the groundlings would stand if it were not wanted for the cast of thousands, a useful inner stage and balcony. As always, the requisite information comes from C. Walter Hodges.

The cast do not actually number thousands, though they sometimes seem to be in the small house. They number 48, to be precise, mostly London schoolchildren in their middle or late teens. There are 31 girls and 17 boys, so some of the girls have to play boys' parts, so reversing the system at the original Cockpit.

The company do not aspire to give the kind of finished playing we expect from the National Youth Theatre. I think Mr. Wiles has asked rather more of them sometimes than they can really be expected to give, particularly the dance evocation of the Civil War; ballet is not an art you can mug up in the summer hols.

But the purely narrative bits are OK, the mock-cockfight played by a lithe, athletic pair (Amanda Waters and Dean Harding), and the comedy of the recruiting troop I enjoyed very much. Christopher Beeston, founder of the troop, is played by Stephen Reynolds, and his son, the great Will Beeston, by Stephen Highfield in his youth and Mark Shorto in his maturity. I meant not to mention names in such a big company, but I must make an exception for Graham Dearing as Sergeant Flintlock, the recruiting sergeant.

Sadler's Wells

Paul Bunyan

English Music Theatre's first London season opened on Wednesday at Sadler's Wells Theatre with a performance—the first in London — of Benjamin Britten's Paul Bunyan. This operetta — the description is Britten's own —with text by W. H. Auden, is fascinating not only for its own sake, but for the light it sheds on the composer's later, more familiar operas. Auden's text is by turns facetious, sententious and unintentionally funny, but it succeeds perfectly in a good libretto's main function — it inspires fine and appropriate music to clothe the bare bones of the words.

Already in the Prologue, with the song of the first two Wild Geese, there is a pre-echo of things to come (Auntie's Nieces from *Peter Grimes* in this particular case), while the splendid ensemble after Hel Helson's defeat foreshadows the threnody in *Albert Herring*. Britten's preoccupation with the liturgy of the Church of England (in *Grimes*, and *The Turn of the Screw*) is already apparent in the litany recited by Moppet, Poppet and Fido (two cats and a dog, sung by female voices) in the last scene of *Bunyan*. Some of the choruses, marvellously fresh and natural in style, generate the same feeling of relaxation after hard, physical labour, as the Shanties in *Billy Budd*.

The production, directed by Colin Graham, designed by Margaret Harris and lit by John B. Read, originally staged at the Snape Maltings during this year's Aldeburgh Festival, has had time to mature and now seems both smoother and more spontaneous than before, as Mr. Graham's talented company of singing actors settle down in their roles. The American accents sit more comfortably too, and the conscious naivety with which Auden invests the utterances not only of Paul, the legendary folk hero, but also of the majority of the lumberjacks, farmers and other assorted characters, no longer in any way embarrasses them.

Johnny Inkslinger, the one really sophisticated figure in the work, and particularly well sung by Neil Jenkins, is rewardingly contrasted with Hel Helston, the brawny Swedish foreman, equally convincingly performed by Donald Stephenson; the whole episode of Hel's fight with the invisible Paul comes across with great vividness both musically and as a clever piece of theatre. The little love duet for Paul's daughter Tiny (Iris Saunders) and Hot Biscuit Slim, the cowboy turned cook (Philip Doghan), which is slotted into the fight, charms with its lyrical tenderness. Russell Smythe's ballad singing Narrator strikes the perfect note of interested yet detached amiability.

ELIZABETH FORBES

Jill Ireland and Charles Bronson in 'From Noon Till Three'

Cinema

East is East and West is West by LOUISE SWEET

From Noon Till Three (AA) London Pavilion

Amateur Ten Best Show National Film Theatre

Wozzeck National Film Theatre

Noontime in the Western has traditionally signalled crisis and confrontation. *From Noon Till Three* wittily takes this highest hour of decision and extends it into a three-hour courtship and seduction of East Coast respectability by West Coast delinquency. Using the Western setting to advantage to evoke frontiers and possibilities, the film tackles dominant trends in American culture: the conventions of the East versus the visions—often absurd, but vital to change—of the West.

Dealing in roles and disguises, the film is basically universal in theme. Amanda Starbuck (Jill Ireland) is a well-bred, immaculately corseted widow, living in a house on the plains that combines opulent Victoriana, Russian rococo and storybook gingerbread. A pack of quarrelsome, unshaven outlaws, planning to rob the Gladstone City Bank, arrive in search of a horse for one of their number, Graham Dorsey (Charles Bronson). Bothered by a dream the night before which foretold an unhappy outcome for their hold-up, Dorsey has deliberately lamed and shot his own horse, and now backs up Amanda's lie that the suspicious sounds coming from her barn are made by a cow.

As the others set off for Gladstone, agreeing to return for Dorsey at three, he sets out to have his way with the lady. He wins her over not by bravado but by psychological deceit. Appealing to the social-worker side of virtue, he talks of being impotent since losing his dear one; eventually, the roles now reversed and fused through sex, Amanda takes him lustfully on her marriage bed. After romping naked outdoors, they switch to dining and waltzing in opulent over-dress for a formal ball. The couple make plans to run off to Boston.

When news arrives that confirms Dorsey's dream, that the raiders have been ambushed and are due to hang that evening, Amanda pushes him to rescue the men she has mythologised into his "friends." Setting out on her "pet" horse, the one he earlier helped to pass off as a cow, Dorsey becomes embroiled with a posse, exchanges clothes with an itinerant dentist, and is eventually taken for dead. Amanda meanwhile sets the seal of respectability on their dalliance by turning it into romantic fiction of bestselling proportions, and both her home and the town of Gladstone become a monument to the hanged outlaws and the "chivalric" Dorsey, much as her mansion had been a museum to her dead husband before Dorsey's arrival.

Scripted from his own novel and directed by Frank D. Gilroy, the film makes sophisticated play with manners and conventions turned upon themselves, with the way imagination tampers with fact and legends create their own reality. He has a sharp eye for a stereotype: in a parody of the white perception that all minority groups are alike and understand one another, the black gang-member called "Ape" has to translate the Mexican's speech for the benefit of the rest. Most effective is the script's knack for ironically annotating itself. The hero towards the end finds it increasingly difficult to convince anyone that the legendary Graham Dorsey is alive and well, and when he approaches one ex-confederate in crime with outstretched hand, he is laughed away with, "He's a dreamer!"—a neat allusion to his initial "saving" premonition.

But it is in the last half hour that Gilroy's grip on his themes begins to slip. After being booted around by his former friends and foes, who refuse to recognise him because he doesn't conform to the handsome, commanding figure of Amanda's fiction, Dorsey is finally despatched to a madhouse. There he is accepted instantly for what he is by the inmates — representatives, perhaps, in a society adhering to a rigid division between good and evil, the law and the outlaw, fact and legend, of a vision that is able to encompass paradox and thus experience reality.

Rather than ending in the confinement of a lunatic asylum, the film might more logically have acknowledged that capacity for paradox, and thus for change, in the outside world — and had Dorsey recognised by such "innocents" as the horse which he had made over from Amanda, or one of the several children who appear through the film. After all, Gilroy's screenplay itself attests to the sources of criticism and innovation which continue to come from within and not outside American society.

The old and the new were also on display in more straightforward forms this week. The latter made a fitful appearance in the Amateur Ten Best Show of 1976, sponsored by *Movie Maker* magazine and scheduled for premiere screenings at the NFT on September 11 and 12. The magazine describes the competition as "free for all," with no "restrictions on subject matter, length or size." Making good the claim, this year's offerings range from the awkward animations of *The Great Bell* to Sheila Graber's three fine animated shorts (*Face to Face*, *The 12 Days of Christmas* and *Michelangelo*) to the dread tale of a carnivorous blob in *Keep Watching the Skies*.

A top award went to the latter, a spoof on Fifties American horror movies that gets bogged down in nostalgia, albeit not too accurately recreated, with a red VW beetle rather than a jalopy making a star appearance. Ian Rinoul's *Hour of the Eagle* stood out as a scrupulously research film on a German bombing raid on Scotland, seen from the German as well as the Scots viewpoint. But on the whole, a night of amateur films is best appreciated by initiates: for the rest of us, the hard struggles of professional ambition with fledgling forms can often stretch a short film out interminably.

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Such discomforts are nothing compared with the unremitting angst suffered by the central character in Joachim Hess' *Wozzeck*, a film of the opera by Alban Berg, based on the fragments of a story left by Georg Buechner. *Wozzeck* has been filmed before by the East Germans, in 1947, with a masterful Kurt Meisel as Wozzeck, a tormented private in the Prussian army. In this more recent, beautifully shot version, Toni Blankenheim plays the bewildered, frustrated soldier, ridiculed by his Captain for having an illegitimate child by Marie (Sena Jurinac), the woman he loves, while the latter cuckolds him with the Drum Major.

Berg's music effectively counterpoints the action, allowing it to flow without the usual disjunctive effect that arias can produce on film, while helping to set characters in their landscape. As with Verdi's later operas, the orchestra perhaps more than the arias carries the mood of the piece.

Wozzek lumbers about the grey, fortress-like town, an outsider still enclosed in a social and physical hierarchy in which everyone takes orders and he is subordinate to all. Seated at a table in a soldiers' club, watching his mistress dance with the Drum Major, he is told to be happy by a crazed, clownish figure, a caricature of himself. Driven by poverty, he becomes a guinea pig in a doctor's experiments. When the Drum Major boasts of his affair with Marie, Wozzek takes her into the woods glimpsed at the beginning of the film, before the camera revealed the constraints of obligation and routine, and declares his love. Rebuffed, he at last gives full vent to a rage which has always had instruments at hand—he is first seen with a razor shaving the Captain, then in a field with a scythe — and stabs Marie to death.

Unable to lose himself in the frenzied merriment of the soldiers' club, he returns to the wood, walks into the ponds to clean the blood from his hands, and lies beside his destroyed mistress. Their child, meanwhile, runs on a hobby-horse around a ring of children, their linked arms excluding him. As they tell him "Your mother's dead," and make off for the ponds, he continues his solitary circling, far removed from the others and the loss of his mother, carrying on from his father a tradition of alienation.

Nigel Andrews is at the Venice Film Festival.

New End

Highway Shoes by MICHAEL COVENEY

Highway Shoes are a Welsh fringe company and they open the American Season at the New End with a double bill based on the lives and material of beat heroes Jack Kerouac, Neal Cassady and Lenny Bruce. In *On The Road Again*, Kerouac and Cassady mumble and fool around with each other in a battered old Buick. Cassady was the model for the mad highway hoodlum Dean Moriarty in Kerouac's first novel *On The Road*. Little of that explosive, irresistible charm comes across in John Carter's impression of him.

Cassady and Kerouac (Ned Vukovic) offer us a low-key double act that admittedly catches fire when they improvise a bebop r... as one reads poetry and the other compiles a sandwich but does little to stoke that old beat fire of the tumultuous post-war years when, for an itinerant and growing minority, cities were dangerous neon-lit playgrounds with girls, booze and jazz at the end of the highway. Instead we have an alternative Laurel and Hardy act that is quaint and curiously unmagical.

In *The Gospel According To Lenny*, the two actors share Bruce's material between them and each makes a reasonable stab at impersonating the nightclub legend without suggesting why they should make a play of it. The material is down in print, Bruce is on record, even his last nightclub appearance at Las Vegas is on film. Mr. Carter, a technically accomplished performer, insists on the neurotic insecurity of his subject, while Mr. Vukovic delivers the marvellous tale of Dracula and King Kong confronting each other in a blood bank and mutating to a pair of horrendous faggots.

But the sting of the material is drawn because of the time lapse, and although the entertainment strains after the informality of a nightclub atmosphere, it fails to justify itself as loving or even critical testimony. There is some good jazz from a lively quartet and some strange singing from Myra Love.

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In a one-man lunchtime show at the Nag's Head (Floral Street), Edward Petherbridge gives an illustrated lecture of his recent experiences while teaching at Dartington College. He is a marvellous actor and, it would seem, a charming man: but I fear the main impact of his appearance in *Petherbridge's Peep Show* (introduced as a trailer for a larger scale history of the theatre) is to make one wonder why on earth his talents are not being seriously deployed in one of our major companies. That, I suppose, is showbusiness.

Edinburgh Festival

Fringe fringe fringe fringe fringe by B. A. YOUNG

There are over 300 entries in this year's Edinburgh Fringe programme, and it was reported that by the end of the first week five of them had had to pack up through total lack of audiences. Fringe companies range from the veteran Theatre Roundabout to a London prep-school, Belmont, who present a brand-new ballad opera. There are companies called Lady Bracknell's Handbag, Shared Experience (whose performance of plays from the Arabian Nights has been enthusiastically reviewed here), the Theatre of the Secret Self, the Golden Screw Collective (originating at LAMDA) and the Entertainment Machine, who present *Macbeth* as put on by the Farndale Avenue Housing Estate Townswomen's Guild Dramatic Society.

There are American companies, Canadian companies, Chilean, Dutch, black, gay; and writing from the point of view of someone who has to see as much as possible in the available time, I find most of them make a slight mistake. They put on their important offerings at 7.30 p.m., when the official Festival is offering *Figaro* or *Measure for Measure*, without the option of a matinee; so all too often their important offerings don't get seen.

Here anyway are two reasonably important ones (both of which have the good sense to play on Sunday).

Richard Crane, a recent Fringe-hero, has taken a step upward into the Traverse repertory with his new play *Nero and the Golden House*. To misquote Dylan Thomas, the play in its intricate image strides on two levels. On the ground floor it deals with Nero and the return of his mother Agrippina, thought to have perished in a contrived drowning accident. In a gallery, St. Paul, St. Peter and an unidentified Miriam, lashed to crosses as if in a great Renaissance triptych, are also concerned with resurrection; but their concern seems to me to run parallel of that on the main stage without actually making contact.

The Romans rehearse two versions of a play to be presented before Nero in his Golden House in which Agrippina's murder is first to be represented as a simple stabbing (of one slave actor by another) and then as a myth incorporating the Sirens. The resurrected Agrippina in both cases stands for a general clean-up of society.

During the progress of these plays, the victims above are allowed occasional chats with one another, some of it very funny and quite inoffensive in its religious references. ("Did he cry out?" Miriam asks Paul as that apostle gives his imaginative account of the Crucifixion. "Yes, Psalm 22, verse 1," he answers at once.)

Puzzling as I found the play, I thought Chris Parr's production interesting. Of the generally able company, Juliet Cadzow's Agrippina pleased me most.

The Oxford Theatre Group has a good track record at Edinburgh, but their principal piece at St. Mary's Hall this year will never follow *Rosencrantz and Guildenstern are Dead* into the repertory. *Am I My Sister's Keeper?* is a 90-minute anecdote about the visit to a Norfolk village of Matthew Hopkins, the notorious "Witchfinder-General." It is written by Nigel Bryant and Kate Flint, directed by the former and designed by the latter. They tell their pastoral story in too unpastoral a manner, and puncture the illusion with phrases like "So what?" and "That's your lot." Also the company are altogether too well-bred in their delineation of simple Norfolk peasants.

Bristol, who have been my favourite revue artists lately, have an off year with *JUMP!* This is an old-fashioned one-thing-after-another revue covering such predictable subjects as the Olympics, John Stonehouse, and so on. The seven-strong company is particularly rich in girls, and these I certainly can recommend.

'Signals' at Pitlochry

Signals is the title of Alisdair Skinner's new play with which Pitlochry Festival Theatre's "Plays in Progress" series ends on September 18 in the Theatre Restaurant.

The play concerns political bandwagon-jumpers, particularly those now on the make in Scotland. Taking part in it will be Crawford Logan, Lesley Staples, Elizabeth Millbank, Alison Gollings and Robert Pearson—all members of this year's Festival Company. The play's guest director will be Andrew Kyle, trainee director at Perth Theatre.

Theatre season in Manchester opening

The opening season at Manchester's new theatre, the Royal Exchange, will begin on September 15. *The Rivals* will be played on that night, and on the following night Kleist's *The Prince of Homburg*. These two productions will then play in repertoire until November 13. Tom Courtenay, James Maxwell, Trevor Peacock, Christopher Gable and Judi Bowker will be in both casts.

WORLD TRADE NEWS

U.S. pressure on Japan to speed up car testing

BY CHARLES SMITH TOKYO, Sept. 2.

JAPAN IS being pressed strongly by the U.S. Government to speed up the testing of American cars destined for import to Japan so that this autumn's models can be on sale in time for the peak buying period this winter.

Behind the pressures is a veiled threat that the U.S. Government might find it difficult to resist demands from its motor industry for the raising of import barriers against Japanese cars.

The testing of new American car models for the Japanese market took six months last year, with the result that the cars could only be sold in Japan from March, 1976, or well after the end of the peak season (which coincides with the issue of winter bonuses to Japanese workers).

The U.S. delivered a note verbally to Japan in March asking for simplification and speeding up of inspection procedures. This was followed by talks on the problem in July when President Ford's deputy special trade representative, Mr. C. Yeutter, visited Tokyo. The talks, however, were inconclusive, largely because of the technical nature of the problem.

The U.S. side appears now to be getting impatient for results in its bid to speed up tests. The Americans have suggested that 45 days would be a reasonable period for Japan's authorities to carry out all the necessary procedures. The Japanese side has yet to say whether it feels this time limit can be met.

The testing of U.S. cars for import into Japan involves the shipment of specimen models from Detroit to Tokyo (this usually takes about one month) and the translation into Japanese of highly detailed engineering specifications for approval by Japanese Ministry of Transport inspectors. At least one U.S. car manufacturer, Chrysler, is having its test models flown to Japan this year in order to speed things up.

The background to American dissatisfaction over testing procedures is a massive imbalance in the two way car trade—even greater than between Japan and Europe. Japan shipped 839,000 cars to the U.S. during the first seven months of 1976, up 82 per cent. over the same period of 1975. By contrast Japanese imports of U.S. cars during the first half of the year totalled about 7,000 units.

Japan's two biggest motor manufacturers Toyota and Nissan hold the top two places among foreign car exporters to the U.S. at present. Third place is held by Volkswagen but VW sales in the U.S. have declined sharply this year while those of Honda, which now ranks fourth, have gained sharply.

Negotiations between Japan and the U.S. on the car problem have been conducted with a minimum of publicity up to now but this could cease to be the case. An American official spokesman admitted to-day that there is "a possibility" that the U.S. industry will ask for import barriers against Japanese cars if the talks on speeding up testing procedures fail to get results.

● Motor and motor parts stocks declined on the Tokyo Stock Exchange to-day on press reports of the U.S. move.

Pioneer assembly study

TOKYO, Sept. 2.

PIONEER ELECTRONIC Corp. said it is studying a plan to establish a wholly-owned subsidiary in the U.S. to assemble audio equipment, probably from next year

The company said it is considering raising part of the necessary funds through American Depositary Receipts and also hopes to list its shares on the New York Stock Exchange.

Export sales of stereo equipment to the U.S. market have recovered faster than expected, so Pioneer has raised its sales target for the current fiscal year to September 30—to about Y160bn. from the original Y130bn. Of the estimated total, Pioneer hopes to export Y76.8bn. of equipment, about Y30bn. of it to the U.S.

The company forecast an after-tax profit of Y11bn. It reported a Y5.9bn. after-tax profit for the preceeding year to September 1975, on sales of Y108.4bn.

Reuter

Japan hires Korean workers for overseas plant contracts

BY OUR OWN CORRESPONDENT TOKYO, Sept. 2.

LAST DECEMBER Japan's second largest civil engineering group, Taisei Corporation, contracted with a South Korean company for the services of over 100 skilled Korean workers on a construction project in Qatar. Taisei is now studying the feasibility of once again drawing on its neighbour's human resources for another plant the company will build in the Middle East, at a cost of $100m., this time in Iraq.

Last week, another major construction concern here, Taihei Dengyo, announced a contract with Uden Consultants of Seoul for the supply of, at first, 100 workers for a power plant project it has undertaken in Saudi Arabia. The contract, moreover, is widely believed to be the precursor of similar agreements by Taihei Dengyo with subcontractors in Taiwan, the Philippines and India.

These are the first instances of a growing trend by Japanese companies to recruit skilled manpower in other, relatively cheaper Asian markets.

Skilled Asian workers are no strangers to construction sites in the Arab world. Korean engineering concerns have been very successful in selling plant to the Middle East, and more often than not Korean workers are part and parcel of the final agreement. Japanese exporters, too, have supplied skilled workers from Japan on Arab projects, although sites in other plant importing countries, like Indonesia or Brazil, can usually draw on local labour reserves instead.

But for Japan, plant exports are now bigger business than ever before—just at a time when the domestic market for skilled engineering and construction personnel is recovering from recession. So there was bound to be a shortage, now openly admitted by engineering companies, of workers for the export jobs. Yet in most cases, Japanese companies clinched deals without working out the details of labour supply in advance.

"We will not get the Korean workers any cheaper," says Mr. Masao Kaiyeda, administrative manager of Taihei Dengyo. "We just had to find skilled workers since our own supply will be strained by the time the Saudi Arabian project gets started."

Indeed, supply (and not price) is probably the key element in Japanese companies' attempts to diversify their manpower resources. At Taihei Dengyo, Mr. Kaiyeda says that all the company's available workers will be tied up in domestic construction before the year is out, and there is virtually no slack on the open job market.

For a smaller company like Taihei Dengyo, its ability to bid on international tenders would be severely impaired if it had to pay high enough wages to lure Japanese workers away from their jobs. Hence, the company's policy decision to actively seek out manpower elsewhere in Asia. Indeed, if the company's order book trebles in the year to next March, as Taihei Dengyo hopes, it may have to come up with perhaps 4,000 workers from Korea or other Asian countries.

Larger companies, surprisingly, are also running up against these same manpower constraints. Taisei, for instance, thought it would not have to repeat its foray into the Korean job market for the Qatar project at all. Now, armed with an Iraqi order to build a thermal power plant, the company has been unable to find the needed manpower, and is therefore planning to hire more Korean workers.

Plans to step up exports

TOKYO, Sept. 2.

INTERNATIONAL TRADE and Industry Minister, Mr. Toshio Komoto has instructed his ministry officials to study the possibility of increasing Japan's export goal of industrial plant and equipment in fiscal 1977 to about $28bn. from the original $12bn. on an export licence basis.

The ministry said it will give priority to exports of plant and equipment over other manufactured goods because it would be almost impossible for Japan to increase exports of such goods as vehicles and electric appliances. This would cause international trade friction, it said.

The ministry said Japanese exports of plant and equipment in the first half of this year totalled $3.2bn. on a licence basis, against $1.8bn. in the same period last year.

Reuter

Anglo-Syrian accord on industrial co-operation

BY RICHARD JOHNS

A JOINT Commission is to be established under an Anglo-Syrian agreement on economic and industrial co-operation which was signed yesterday in Damascus.

In concept it will be similar to the Anglo-Saudi one set up earlier this year—if not in scale and expectations—and aimed at identifying projects in the Syrian development plan with which Britain might assist.

Although limited in comparison with Saudi Arabia's, the potential of Syria is by no means negligible as the growth in bilateral trade since the resumption of diplomatic relations in 1973 indicates.

Expansion has been particularly rapid over the past year. British exports to Syria in the first six months of 1976 amounted to £34.7m. compared with £16m. for the first half of 1975. Imports from Syria for the first half were £6.9m. compared with £3.1m. for the seame period of last year.

Several significant contracts have been won in the past few years. John Brown won a £4m. order for turbines last year and Platt International a £13m. one in 1974 for a textile plant.

GEC and Plessey have been supplying telecommunications equipment while Hunting's are carrying out a survey.

The memorandum of understanding was signed by Mr. Michael Meacher, U.K. Parliamentary Under-Secretary for Trade, and Dr. Mohammed Ali Imade, Syrian Minister of the Economy and Foreign Trade.

In Whitehall it was described as a "statement of intent." It in no way replaces or subsumes the existing agreement on technical co-operation dating from 1963 which is modest in size but growing.

Mercedes-Benz plans Australian truck unit

Mercedes-Benz Australia will build a $A1m. truck assembly plant on a five-acre site adjacent to the Mercedes-Benz plant at Mulgrave, 25 kilometres south-east of Melbourne.

Burmah Oil gas deal finalised

By Douglas Ramsey

TOKYO, Sept. 2.

INDONESIA AND Burmah Oil signed a formal contract here last night for the shipping of liquefied natural gas (LNG) to Japan. It is reliably understood that Burmah will get up to 20 per cent. higher payment than originally agreed in 1974. The official price set out in the contract is 35.1 cents per million British Thermal Units (BTUs), but Pertamina, the Indonesian state oil company, has apparently agreed to pay Burmah a small premium on top of this price.

The contract follows an agreement between Pertamina and its Japanese clients at the week-end on a cif import price of $2.35 per million BTUs. Into that price was calculated the shipping component, although Pertamina itself was free to tack on any further amount to Burmah as agreed by the two parties. The original shipping price was pegged at 30 cents per million BTUs, but Burmah now anticipates it will receive some 19 or 20 per cent. higher than that.

The British oil company also agreed to charter two LNG carriers from Norwegian owners (not disclosed) to ensure prompt deliveries once the gas liquefaction facilities in North Sumatra are completed. That is supposed to be next March, but there is some doubt about their being finished on time. General Dynamics, which is building seven LNG carriers for the route for Burmah, is late in construction of the first ships, and does not anticipate first delivery until May or June.

China steps up sales to U.K.

By Colina McDougall

BRITAIN'S TRADE with China in the first half of this year totalled £82m. Of this £40m. were imports and £42m. exports, compared with £30m. and £40m. respectively for the first half of 1975. This is a record for the period.

Imports from China have resumed the steep climb of the early 1970s which halted last year owing to the world recession. This year, textile fibres more than doubled their value, while bristles rose by 50 per cent. Imports of carpets rose by one-third to over £2m.

Among British exports, steel, mainly seamless tubes and steel plates and sheet, rose to £6.2m. from under £1m. Textile items also rose, but machinery both electrical and non-electrical, fell from £19.7m. to only £8m. This probaby reflects China's ever increasing move towards West Germany as a supplier of industrial goods.

Tootal expands in in Philippines

By Rhys David

TOOTAL, the Manchester-based international textiles group, is to spend £1.5m. to double polyester spinning and twisting operations at its Allied Thread subsidiary in Manila in the Philippines.

The move is intended to cater for increased demand in the local home market, but also to meet growing export opportunities in neighbouring countries, a number of which have like the Philippines, begun to emerge as major textile and clothing producers.

Allied Thread is the largest *thread producer in the Philippines*. In the first phase of the present investment programme £750,000 was spent equipping a new synthetic spinning and thread finishing plant. As a result of the latest investment the company will be able to help supply other Tootal thread plants in Hong Kong, Malaysia and Indonesia.

Dell to visit Greece, Yugoslavia

Mr. Edmund Dell, Secretary of State for Trade, is to visit Greece and Yugoslavia next week, the Department of Trade announced yesterday. His visit is from September 3 to 8, and he will be meeting senior Greek Ministers and will hold discussions with them on bilateral, industrial, marine and commercial matters.

Mr. Dell will be in Yugoslavia from September 8 to 11

Saldanha Bay ready to start iron ore shipments

BY RICHARD ROLFE JOHANNESBURG, Sept. 2.

THE SOUTH AFRICAN state-owned steel corporation, ISCOR, is to begin iron ore shipments from its new Atlantic port at Saldanha Bay in Cape Province on September 29. Stockpiling of ore is already in progress and 8,000 ton trains are plying the 500 odd miles from the iron ore mine at Sishen to the deep water port.

Exports are planned to build up to 18m. tons per year during 1978, and more than 50 per cent. of output will go to Japan with the balance to France, Italy, Germany and the U.K. At a rate of 18m. tons per year, the ore exports will be worth about $275m. and will be a major relief for the hard-pressed balance of payments deficit in the Republic.

Ultimate plans include the possibility of expanding output to 28m. tons, the maximum the port could handle at present, and a semis plant at Saldanha, costing around R1,300m., in association with Voest of Austria, Klockner, of West Germany, Italsider of Italy and the Dutch-German combine Estel.

To meet coking coal needs while raising its steel output to 6.5m. tons, ISCOR this week has arranged to import 1m. tons of high grade, coking coal from West Virginia over the next two years to blend with the lower grade South African coking coal. It has also arranged to work with the U.S. company Kemerer of Wyoming to produce form coke, a briquette product made from low ash coal, mixed with pitch on tar and baked at high temperature in a shaft furnace, where the gases are driven off.

The problem up to now is that form coke plants, though known to yield a product suitable for use in blast furnaces, have only operated on a small scale.

AMERICAN NEWS

Congress asked to back arms sales worth $5.9bn.

BY DAVID BELL WASHINGTON, Sept. 2.

THE U.S. Defence Department last night sent Congress a request for approval of a further $5.9bn. worth of arms sales to ten foreign countries, but declined to say whether this figure includes the sales of Sidewinder missiles to Saudi Arabia and advanced fighter aircraft to Iran.

However, Defence Department sources said to-day that the Sidewinders were included in the figure and that Congress and the Administration had reached a compromise under which the U.S. would sell the Saudis 850 of the 2,000 Sidewinders originally requested. The compromise is also believed to cover the purchase of 650 television-guided Maverick missiles instead of the 1,500 the Saudis originally wanted.

Iran's share of the proposed sales would be by far the largest at $4.4bn. and this is understood to include the sale of 160 F-16 fighters to Tehran, despite recent congressional criticism of the continuing high level of arms sales to the Shah. Iran is also purchasing Sidewinders and Phoenix radar air-to-air missiles.

Originally, Iran had wanted to buy twice as many fighters and had hoped to sell them on an aircraft-for-oil deal with General Dynamics. But this is now understood to have fallen through for the moment, and the aircraft will be brought for cash.

Israel will receive some $241m. worth of hardware, including Sidewinders, Walleye TV-guided cluster bombs and anti-tank helicopter gunships. Other countries to be covered by this deal are South Korea, Singapore, Norway, Pakistan, Morocco, West Germany and Australia.

These are likely to be the last major arms deals before the election as Congress is scheduled to recess at the beginning of October and must, by law, have 30 working days in which to consider Administration arms requests.

Senator Walter Mondale, the Democratic vice-presidential candidate, has already begun to criticise sharply U.S. arms sales overseas and, should the Democrats be elected, the whole policy may well be reviewed.

Slight fall in wholesale prices

BY DAVID BELL WASHINGTON, Sept. 2.

A SHARP drop in food prices led last month to a slight fall in the U.S. wholesale price index, but the 2.9 per cent. decline in the price of food was only just enough to offset the 0.7 per cent. rise in the price of the industrial commodities component of the index—the second month in a row that it has climbed by this amount.

As a result, the wholesale price index was down last month by only 0.1 per cent. on a seasonally adjusted basis, but even this may be enough for Mr. Ford, who is likely to point out that it is the first actual fall since last February and to cite it as further evidence of his success in reducing inflation. The fall in food prices covered most farm products and processed foods although some meat and vegetable prices moved upwards after falling in July. To the extent that this is eventually reflected in supermarket prices, this could also benefit the Republicans.

But the continuing rise in industrial commodity prices is less good news for the President, even though the Labour Department noted to-day that on an annual basis it would still mean an inflation rate for the products covered by it of between 5.5 and 6.5 per cent., which is within the Administration's inflation target for the year. Wood, fuel and rubber prices led the upward movement last month but metals and metal products rose less than in July. On the basis of last month's figures, the Labour Department said that the prices of rubber, plastics, fuel and building materials are rising at an annual rate of 20 per cent.

Over the past 12 months the wholesale price index has risen overall by 4.0 per cent., with the industrial component up by 6.6 per cent. and farm produce prices down by 2.0 per cent. The processed foods and feeds index has also declined—by 5.1 per cent.

If the Republicans do choose to make an issue of the fall in inflation, the Democrats are likely to counter it with the charge that it is further evidence that Mr. Ford has been wrong to continue to make so much of inflation while neglecting unemployment. Mr. Carter has already attacked the President for keeping the brakes on too hard over the past few months and thus neglecting unemployment.

Carter poll lead on Ford widens

By Jurek Martin

WASHINGTON, Sept. 2.

MR. JIMMY CARTER has widened his lead over President Ford to 15 points, according to the latest Gallup poll released to-day.

He is given a 52 to 37 per cent. edge, five points more than the 49 to 39 per cent. margin reported in the canvass conducted immediately after the Republican convention in Kansas City. That ten point spread represented a major advance for Mr. Ford who, in the two previous Gallup polls, had been trailing by 23 and 33 points respectively.

Gallup found that Mr. Carter's most recent improvement came outside his southern bastion. He is now given a five to four lead over the President across the rest of the country, whereas last week's poll suggested that the two men were virtually level everywhere except the southern and border states where the Democrat is still ahead by at least two to one.

The polls are always subject to violent oscillations immediately after the two party conventions and Gallup noted today that this year is precisely following the trends of the last four Presidential elections so far. Mr. Carter's lead was its biggest immediately after the Democrat convention in July and Mr. Ford's deficit at its smallest in the days succeeding Kansas City.

AMC to lift car prices

BY JAY PALMER NEW YORK, Sept. 2.

AMERICAN MOTORS, the smallest of the four largest U.S. car makers, has "tentatively" decided to lift the base retail prices of its 1977 model year vehicles by an average of 5.4 per cent.

The company stressed that the actual dollar price increases would vary considerably depending on the specific model. The base car price increases would range between $922 and $150 with the largest jumps coming for the Matador sedan and coupe.

This planned price rise, which will not be confirmed until October 1, is roughly in line with General Motors' recently announced decision to lift its new model year car prices by 5.9 per cent., an average of $344 a vehicle. Both Ford and Chrysler have yet to disclose their new prices.

Over the last few months, all the U.S. car makers have made no secret of their intention to recoup rising costs in their new model year prices. Although the recently announced steel price rise rollback has slightly alleviated this problem, the companies are still aware that these new autumn prices must anticipate any 1977 steel price increase as well as the still unsettled wage talks with the car workers' union.

In AMC's case, the price increase is seen as particularly critical. Unlike its larger competitors who managed to boost volume sales sharply during 1975-76, AMC has seen demand for its vehicles slump. More than anything else, the problem has stemmed from a strong switch in consumer demand to larger vehicles and away from economy-sized models.

Alaska pipeline welds

ANCHORAGE, Sept. 2.

Alyeska Pipeline Services Company has said that it is seeking exemption from re-welding 612 field welds in the $7.7bn. Alaskan oil pipeline, because it said that such work would be unnecessary and not in the public interest.

Alyeska, the consortium created by eight major oil companies building the pipeline, made the request to the Department of Transportation, and said that the 612 welds are all buried in permafrost, in flood plains of rivers or under rivers.

Alyeska has begun resolving weld and radiograph questions on sections of the pipeline which were identified in an audit this spring. To date 3,175 of the 3,955 such identified welds have been resolved. Some 56,000 welds have been made so far to join sections of the pipeline.

Reuter

Amex, NYSE merger speculation

By Stewart Fleming

NEW YORK, Sept. 2.

IN WHAT is widely seen as a further step towards closer relationships between the New York Stock Exchange and its main rival in the City, the American Stock Exchange, the Board of the NYSE is expected to-day to approve a proposal that would permit member firms to trade stocks also listed on Amex.

Last month Amex abolished its version of what are known as the "New York City Rules" which have made it impossible for a stock to be traded simultaneously on both exchanges.

Since then one stock, a Texas aerospace company called Varo, has been quoted on both exchanges. The abolition of these restrictive rules has been encouraged by the Securities and Exchange Commission which is actively promoting greater competition in the securities industry.

The change has, however, given rise to renewed speculation that the two rival exchanges are once again discussing prospects for closer co-operation and a possible merger.

The American Stock Exchange flatly denies that such talks are taking place, and it is pointed out that speculation about a merger between the two exchanges has been a recurrent feature of the investment community in recent years and has from time to time resulted in informal talks.

Whatever Amex's position, there are strong grounds for believing that influential members of the New York Stock Exchange are giving further consideration to a merger with Amex, although once again any moves in this direction within the NYSE would appear to be of an informal nature.

On the surface there might appear to be plausible grounds for linking the NYSE and Amex more closely for while the NYSE's trading in ordinary shares continues to be a healthy business, Amex has suffered a sharp decline in ordinary share trading with the withdrawal from share dealing of many smaller private investors.

On the other hand, Amex, has built up a strong market dealing in share options, a line of business in which the Chicago Board Options Exchange has taken the leading position, but in which the New York Stock Exchange would dearly like to participate.

The superficial appeal of closer links between the two exchanges, however, can too easily lead to the overlooking of deeper problems, such as What the U.S. anti-trust authorities and the Securities and Exchange Commission would make of a merger. If it was seen as limiting competition, not widening it, they would almost certainly oppose it.

RESERVES FALL IN CANADA

OTTAWA, Sept. 2.

Canada's international reserves totalled $US5.57bn. in August, down $217m. from July, the Finance Department reported.

The August change included an increase of $7.6m. in SDR-denominated assets, reflecting appreciation of the U.S. dollar value of the SDR.

It also included a decline of $2.6m., representing the book value of gold transferred to the Olympic coin programme.

Reuter

THE MILITARY BALANCE

A high price to be paid

BY MALCOLM RUTHERFORD

THE UNITED STATES has more than halved the number of Pershing and Lance short-range ballistic missiles deployed in Europe over the past year, according to the 1976-77 edition of The Military Balance* published by the International Institute for Strategic Studies today. The reduction, on which The Military Balance makes no direct comment, is clearly part of the U.S. attempt to establish a more flexible doctrine for the use of tactical nuclear weapons.

This reflects the Nato emphasis on qualitative improvements to offset the quantitative and geographical advantages enjoyed by the Warsaw Pact. There is increasing concern, however, that the qualitative lead may be eroded by the latest developments in Soviet weapons technology.

On the whole, the military balance of power in Europe has not much changed over the year, but the new publication notes that there have been considerable changes over a longer period. In 1962, for example, U.S. land, sea and air forces in Europe totalled 434,000; now the figure is down to around 300,000. In 1967 the number of Soviet divisions in Eastern Europe was 26; now it is 31.

The numerical pattern, says the report, has been "a gradual shift in favour of the East, with Nato relying on offsetting this by a qualitative superiority which is itself, in certain areas, in danger of erosion." Yet the shift has still not been sufficient to make military aggression appear anything like an attractive option.

It is possible that the advent of new weapons systems—particularly precision-guided munitions and anti-tank and air defence missiles—will once again favour the West. These could provide some compensation for the Warsaw Pact's advantage in the number of tanks and aircraft. But the problem here is that the new systems are increasingly expensive, and the report warns that if Western defence budgets are no more than maintained at their present level, the potential benefits of the new technologies may not be obtainable.

At present, although the overall balance is held to be adequate, some of the known weaknesses in Western defences remain. The biggest regional imbalance is in north Norway, where there is only a Norwegian brigade group and no allied forces. Against this there are two Soviet divisions and a marine brigade in the Kola Peninsula, plus at least five divisions in the Leningrad military district and other formations in the Baltic States to the south.

There is also a continuing weakness in southern Europe, despite the fact that on paper the Nato countries are numerically strong. This is because the whole of the Italian land forces are stationed in Italy, some distance from potential areas of confrontation. They would not easily join up with Greek and Turkish forces. A further weakness is the lack of airfields with protective shelters which could be used for a rapid military build-up.

All these deficiencies together mean that Nato is heavily dependent on a crisis developing slowly enough to allow it to bring in reinforcements, whereas the Warsaw Pact could always seek to derive an advantage from acting quickly which, geographically, it is better placed to do. This point is seen at its strongest in the case of north Norway.

Nato doctrine has always been that such time would be available, but recently it has become more dependent on it than ever. Equally, it has been held that the risk of nuclear escalation would be sufficient to deter a Soviet attack. This latter doctrine is now being refined to allow the option of a tactical nuclear response which would not necessarily escalate to an all-out strategic exchange: hence the changes noted in the deployment of U.S. tactical nuclear weapons in Europe. The aim, first outlined by Dr. James Schlesinger when he was the U.S. Defence Secretary, is to establish a more flexible targeting system under which Nato could strike at military and industrial rather than human targets, such as cities. It has been made possible by improvements in the accuracy of nuclear weapons.

Ultimately, of course, the other side tends to catch up, which is why Nato may have to go on increasing its defence expenditure if it is to take advantage of the still newer technologies. This will not be easy, for, as the table partially reproduced here shows, defence spending in most member countries has been steadily rising over the years, and there may be limits beyond which it will be politically difficult for Governments to go. (The only country in which defence spending has actually declined in real terms is the U.S.) Indeed it is the cost of new weapons systems which is likely to prove one of the most lively subjects of internal debate within Nato in the future.

* *The Military Balance, IISS, 18, Adam Street, London WC2N 6AL. Price £2 or $4.50.*

NATO DEFENCE EXPENDITURE

Indices at constant prices (1970=100)

	1971	1972	1973	1974	1975	%Growth* 1960-70	%Growth* 1970-75
Belgium	101.3	107.0	110.9	115.4	124.5	3.3	4.5
Britain	105.2	113.7	112.0	115.9	112.5	0	2.4
Canada	100.6	100.8	100.6	108.0	106.1	−0.5	1.2
Denmark	109.4	108.9	103.6	113.2	119.4	3.4	3.6
France	99.8	99.2	101.1	108.1	113.6	1.6	2.5
Germany	107.2	114.6	119.0	124.2	125.3	3.6	4.6
Greece	105.8	112.6	112.9	108.1	172.6	8.5	11.5
Italy	113.1	125.0	124.7	124.8	110.7	4.1	2.1
Luxembourg	101.6	112.9	124.1	133.5	133.3	2.1	5.9
Netherlands	104.7	108.2	110.0	117.9	121.0	4.3	3.9
Norway	102.5	102.6	103.3	106.0	110.6	5.4	2.0
Portugal	104.7	103.3	95.4	114.4	105.5	10.4	1.0
Turkey	114.3	123.6	131.1	147.0	259.8	3.9	21.1
United States	92.3	92.6	88.1	86.9	82.5	2.7	−3.8

* Average annual compound growth rates over periods shown.

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EUROPEAN NEWS

UK opposes plan for EEC move on immigrant hire

BY DAVID CURRY

BRUSSELS, Sept. 2.

A PROPOSAL being formulated by senior Social Affairs officials in the Common Market Commission which would impose heavy sanctions against employers who hired illegal immigrants is being strongly opposed by Britain. Britain is also afraid that any Community-wide system of illegal immigration control could lead eventually to the need to adopt some form of identity card in the U.K.—a thought which would enrage Parliament.

The proposals will go to the full Commission on September 22. The mainstream behind them comes from trade unions particularly in France and Germany which appear to have two basic concerns. They are anxious to prevent illegal immigrants commanding jobs which would otherwise go to European workers who cannot find positions, and they also want to stamp out "sweat shop" labour of immigrants who are imprisoned in their jobs because they have entered the country illegally.

It is understood that the proposals include the making of extensive publicity in the countries supplying immigrants advertising the penalties for unauthorised entry; sanctions against employers for hiring illegal immigrants; an agreement to impose severe punishment on traffickers; and some form of harmonisation of punishment. These proposals would be embodied in a directive which would then be binding on member states and which they would have to incorporate into national legislation.

The U.K. maintains that any Community action as such is undesirable but that a directive is particularly undesirable because of the compulsion it carries. Most EEC members are understood to be leaning towards a recommendation rather than a directive. The U.K. also argues that her race relations laws and her stringent frontier controls put her into a different category to states with long land borders and where immigration is less specifically a racial problem.

London also believes that it would be invidious to ask employers to help track down illegal immigrants because it would inevitably bring accusations of contravention of the race relations law. In addition it suspects that the ideas in the current draft could only work if the U.K. adopted some form of identity card to help track down illegal immigrants. In fact the attempt to add to the race relations laws already before the U.K. Parliament would involve the Government in a further bitter political debate without credit to be won.

Finally the U.K. dismisses harmonisation of penalties as unrealistic and also thinks that a publicity campaign in populous countries like India and Pakistan would have virtually no effect.

There is little possibility that the proposal will survive except in a very dilute form. It will have to be examined eventually by Social Affairs Ministers who meet very infrequently and it could certainly be stalled in Council over a matter of months if not years. By that time an improving employment situation might have taken some of the urgency out of the issue.

Peter Hennessy, lobby correspondent writes: Conservatives reacted cautiously yesterday to news of the Government's position in Brussels, on Community measures to thwart illegal immigration. Senior Tories were worried that by moving out of ste pwith their EEC partners the Government might jeopardise measures to prevent cross-Channel illegal immigration, taken on a Community basis.

Fears were expressed that this could only give encouragement to the National Front and inflame opinion in Britian. But Conservatives were reluctant to comment publicly until they had seen the fine print on the EEC proposals. They will press the Government for details when Parliament reassembles next month.

W. German industry's orders up sharply

By Nicholas Colchester

BONN, Sept. 2.

PROPELLED by a freak accumulation of foreign orders for capital goods the seasonally adjusted index of orders to German manufacturing industry jumped upwards by 14 per cent. between June and July. At the same time new employment statistics to-day showed that German unemployment inched down in August to 939,600 or 4.1 per cent. of the labour force.

To-day's order figures provide a sort of caricature of an economy in which internal demand is static, but export demand still provides growth. When June and July's orders are added the result is an 8 per cent. increase over the same period in 1975, composed of a 9 per cent. fall in domestic orders and 61.5 per cent. increase in orders from abroad.

The figure for July's orders to the capital goods industry seems to reflect the chance coincidence of several project contracts. It leapt from 202 in June to 377 in July on a scale which sets the average for 1970 as 100. Apart from this development every other order statistic was below its June level except for the index of home orders for capital goods which was up but still below the average for the first and second quarters.

In announcing to-day's unemployment figures for August the President of the Government's Labour Office, Josef Stingl, said it was now clear that the average level of unemployment for 1976 would remain aroundt the 1m. mark. He added that employment would not pick up this year "the way we had hoped it would." The figure for August of 939,600 was only 5,100 below that for July. Use of short time dropped somewhat, but that number of jobs on offer also fell marginally to 276,200.

Norway to table Bill to establish fishing zones

BY FAY GJESTER

OSLO, Sept. 2.

A DRAFT BILL proclaiming Norway's right to establish economic zones around the coastline is expected to be tabled by the Government here to-morrow. The eventual effect of the move will be to exclude foreign fishermen from some of the richest fishing grounds off Norway's coast, but to-morrow's Bill is not expected to set a date for the introduction of the zones, nor to define their initial limits, though 200 miles is almost certainly the ultimate goal. Instead, the Bill will empower the Government to make these decisions, though only after consulting the Storting (Parliament).

The cod fisheries off the northern coast are those most threatened by foreign fishing fleets, following closure of fishing grounds in other parts of the world as countries have unilaterally extended their limits. It is most likely, therefore, that Norway will decide to extend fishing limits along this part of the coast first—probably from the New Year.

In a major policy speech to the Storting last May, Fishing Limits Minister, Jens Evensen, said the situation in northern waters made it imperative that solutions be reached "before the end of the current year." In the North Sea, he said, the situation was "of a somewhat more special nature," and "an overall arrangement for fisheries in this area" was needed.

Norway wants to keep its right to catch certain types of fish in British coastal waters, in exchange for giving British fishermen special rights within Norway's limits, but the EEC's as yet undefined common fisheries policy is the big stumbling block here.

Reuter adds: Political observers here said a main reason for Government action was the fact that Labour, ruling Norway in a minority Government, was under strong pressure from the fishermen in north Norway, where fishing constitutes about 30 per cent. of the economic basis.

Labour was anxious to regain lost seats in these constituencies to get a majority in the general elections in 12 months' time. Scientists also urged the Government to extend the limit to 200 miles.

The Norwegian Government is seeking an arrangement whereby herring and mackerel could be swapped for cod and haddock in waters off north Norway. Norwegian fishermen would like arrangements with the Soviet Union.

A number of European nations are expected to be totally squeezed out because they have nothing to offer Norway in terms of fishing limits.

Among them will be France, West Germany, Poland and East Germany. They will have to stop fishing inside Norway's new fisheries zone after a relatively short time, perhaps only a few years, according to fishing experts.

Norway and the Soviet Union remain in disagreement concerning a division line for a 200-mile zone in the Barents Sea.

The question is far more complicated than it looks at first sight because a line of division for fisheries is thought likely to prejudice a similar line for the continental shelf with its huge potential of oil and natural gas.

Two sets of negotiations, on the fisheries limit and on the continental shelf division line, are at present deadlocked.

With regard to the North Sea, Norwegian Government officials are very much concerned at the fact that Britain has seemed to be concentrating on coastal fishing inside an inner zone that would exclude foreign fishermen.

Should Britain stick strictly to this exclusive inner zone and not yield, the very basis for reciprocity arrangements would be undermined, Norwegian officials said.

E. Germany rejects Berlin protest

By Leslie Colitt

EAST BERLIN, Sept. 2.

WEST GERMANY to-day protested to East Germany over its refusal to allow busloads of prospective West German demonstrators to use the East German autobahn to Berlin.

The protest, on the eve of the fifth anniversary of the signing of of the Four Power agreement guaranteeing access to Berlin, claimed the East German action violated the transit traffic accord between the two countries.

East Germany's Deputy Foreign Minister, Herr Kurt Nier, "emphatically rejected" the protest.

Last week the three Western allies jointly protested to the Soviet Embassy here over this first large-scale banning of West Germans from using the transit routes to the city.

On August 13 vehicles filled with young West Germans on their way to a demonstration against the Berlin Wall were stopped at the East German border. The East German Government news agency says the country had "adequate suspicion that transit routes of the GDR were going to be misused, and that this was in full accord with the transit traffic agreement." West Germany previously rejected this argument.

West Germany's chief representative in East Berlin, Herr Gunter Gaus, said that the rejection of the protest that Bonn believes East Berlin is not interested in further "heightening tensions" between the two countries. He hopes to meet East German officials very soon on "a whole series of pending questions about which we hopefully can continue talking successfully."

The shifting West German position on the East German breach of the transit agreement has served to bewilder the three Western allies, who regard the autobahn stoppages as setting a dangerous precedent. Allied officials say the West Germans want to avoid antagonising the Soviets and East Germans but "they sometimes confuse timidity with tenacity."

The East German news agency noted that "in the future" East Germany will continue to maintain strict adherence to the "spirit and the letter" of the transit agreement and will "prevent acts of misuse" on the East German transit routes. It said East Germany expects the same of West Germany.

Portugal facing grim choice

BY PAUL ELLMAN

LISBON, Sept. 2.

PORTUGAL'S Government has been presented with a grim set of economic alternatives as it battles to overcome its internal differences and to develop a coherent approach to the country's pressing social and economic problems.

A report commissioned by the Bank of Portugal from a syndicate of dons at the Massachusetts Institute of Technology spells out bluntly that the Portuguese Government has a choice between cutting wages by 30 per cent. in real terms to stem inflation or holding them at their present level and allowing "galloping inflation."

Neither alternative is likely to recommend itself to the minority Socialist Cabinet headed by Dr. Mario Soares. Senhor Medina Carreira, the untested Finance Minister, is already reported to be encountering difficulty in driving home the economic facts of Portuguese life to leading Ministers inside the Cabinet who have earned themselves the nickname of "politicos" through their attachment to the more arcane byways of local politics.

Senhor Carreira is additionally handicapped by the fact that he was very much a last choice for the Finance Ministry, none of the Socialist Party's heavyweights having been willing to accept the portfolio for fear of seeing their political careers endangered through association with controversial decisions.

The long-promised announcement by Dr. Soares of measures aimed at restoring economic equilibrium has now been set for next week. No indication of what the Prime Minister has in mind has so far emerged, but his Labour Minister, Senhor Marcelo Curto, has let it be known that the power to dismiss workers will have to be restored if order is to return to Portugal's ailing industry.

As the MIT report makes clear, the tide of events is not running in the Lisbon Government's favour. The report's authors describe the coming 12 months as "crucial."

The balance of payments deficit is now understood to be running at Escudos 150m. a day, the equivalent of an annual deficit of around £850m., in a country with a GNP of only some £7bn.

Its internal divisions apart, the Government is faced with the added complication of local government elections this autumn which threaten to turn into a full scale re-run of the campaigns for the National Assembly in April and for the Presidency in June.

The Communist Party, angered by Socialist plans to alter trade union laws in order to ease the Party's grip on the national labour confederation, the Intersindical, has already threatened to unleash a wave of social agitation.

Greek exercise in Aegean

ATHENS, Sept. 2.

A LARGE-scale Greek naval and air exercise is taking place in the Aegean to-day while a Turkish exploration ship is searching for oil in the south-east part of the sea between the two countries.

The Greek exercise, code-named Tempest 3-76, involves warships of all types and the bulk of the Greek Air Force in co-operation with land forces on the mainland and Greek islands in the Aegean.

Military observers saw the exercise as an attempt to keep the Greek forces in a state of preparedness as the Turkish vessel Sismiki began its latest trip in disputed areas in the Aegean.

Its previous voyages took the ship into parts of the Aegean which Greece considers form its continental shelf.

The Sismiki's mission caused tension between Greece and Turkey and the Greek Government resorted to the Security Council claiming peace was being endangered in the area. Reuter

Drought compensation dispute in France

PARIS, Sept. 2.

THE RAINS have finally come in France but a dispute over how to compensate farmers for the worst drought in more than a century is causing more hard feelings than the water shortage itself.

The Government, committed to handing out some Fr.8,000m. to the stricken farmers, hit on the idea of a "drought tax" on higher wage earners.

But the proposals has provoked peasant demonstrations and the outright opposition of white collar unions who face an estimated 12 per cent. rise in income taxes to provide the aid.

Frequent appeals by the Government for "national solidarity" seen to have fallen on deaf ears, with many farmers complaining that they are not getting enough and townspeople unenthusiastic about helping.

It is the first time the Paris Government has proposed a selective levy to compensate one segment of the population—and the tax-wary French do not like it.

● Meanwhile French Socialist leader Francois Mitterrand to-day doubted that France's newly-appointed Prime Minister Raymond Barre could be successful in leading the fight to solve his country's economic problems.

Commenting for the first time on President Valery Giscard d'Estaing's new government, M. Mitterrand said during a radio debate: "M. Barre is not in a position to change anything concerning France's political and economic situation."

U.S. Secretary of State Dr. Kissinger will confer with President Giscard d'Estaing in Paris on Tuesday in hopes of getting French support for ending nuclear proliferation and heading off the threat of racial war in Southern Africa. The Elysee Palace said the meeting was at Dr. Kissinger's request.

The prospective sale by France of a large nuclear plant to South Africa coupled with continued deliveries of military equipment have raised strong objections abroad. Agencies.

Dock strikes hit Holland

By Michael Van Os

AMSTERDAM, Sept. 2.

ACTIVITIES in much of the port of Amsterdam and certain parts of the port of Rotterdam were paralysed to-day by a strike by a few thousand dockers.

It amounts to a political strike, aimed against the Dutch Government's anti-inflation policy and in particular the decision, besides a pay freeze, not to allow any prices compensation in the second half of this year.

The transport unions, whose central organisations have reluctantly accepted the Government pay moves, with the backing of the Parliament in The Hague, have rejected the dockers' strike action which had started in Amsterdam yesterday.

Swedish drink sales down

BY JOHN WALKER

STOCKHOLM, Sept. 2.

THE TOTAL SALES of alcohol in Sweden during the first half of this year shows a marginal drop in volume when compared with the same period in 1975, the National Tax Board reports. Spirit sales rose by 2.5 per cent. to 29.9m. litres, of which spirits sold through "Systembolaget," the State wine and spirit monopoly, increased by 3 per cent. to 28.8m. litres. Systembolaget's sales to restaurants dropped by 12 per cent. to 1m. litres

The drop in spirit consumption in restaurants comes as no surprise as they have to pay the same price as the retail customer at the State monopoly. The current price of a proprietary brand of Scotch whisky is about Kr.65 (£8) and, with the normal restaurant mark-up, drinking out is a luxury usually taking place on expenses.

POWER STATION BACK IN ACTION

ESSEN, Sept. 2.

THE 1,200-megawatt Biblis atomic power station will be back in operation in six days after a four and a-half months close-down, a spokesman for its operator, Rheinisch-Westfelisches Elektrizitaetswerk, has said.

The reactor has been out of action since April 23 when it was closed for a routine check Reuter

GREEK CYPRIOT ELECTIONS

Threat to Makarios

BY DOMINICK J. COYLE IN NICOSIA

A DIVIDED Cyprus goes to the polls on Sunday in a general election, but it is not just the geographical division resulting from the 1974 Turkish invasion which effectively partitioned this small Mediterranean island. It is essentially a division within Greek-Cypriot ranks, and the election—while nominally for a new house of representatives—is, in fact, a direct confrontation between the President, Archbishop Makarios and Mr. Glafcos Clerides, until recently the chief Greek Cypriot negotiator in the protracted intercommunal peace talks with the leadership of the Turkish Cypriots, who form 20 per cent. of the island's population.

The outcome of Sunday's poll, in terms of the actual number of Parliamentary seats won by the various political parties, will not be particularly relevant in what is essentially a presidential system of government. What is really at stake is the personal prestige of the two men, and, behind that, the much more important question as to whether Greece and Turkey can reach some accommodation over Cyprus. President Makarios represents not just an annoying and intransigent thorn in the side of the Karamanlis Government in Athens but, as seen in Ankara, he is a positive barrier to any Cyprus settlement.

Mr. Clerides, on the other hand, is both a moderate and a political realist, a man who accepts that the Turkish occupation of 40 per cent. of Cyprus territory is now a fact of life and that every effort must be made to reach a mutually acceptable accommodation both with the Turkish Cypriot minority and, more importantly, with Ankara. This stand has brought down upon Mr. Clerides a chorus of venomous allegations not least from the Socialist leader, Dr. Vassos Lyssarides.

The parting of the ways between Archbishop Makarios and Mr. Clerides stemmed from the United Nations sponsored Cyprus settlement talks under the chairmanship of UN Secretary General Kurt Waldheim. The issue—Mr. Clerides' supporters would term it little more than a pretext—revolved around an agreement, reached privately between Athens and Ankara at the level of foreign ministers, where the Greek-Cypriot side would table its Cyprus settlement proposals prior to the receipt of counter-proposals from the Turkish-Cypriot leadership under Mr. Rauf Denktash.

This private evidence, which is also known to Dr. Waldheim, suggests that President Makarios was personally fully aware of this procedural arrangement. Yet, in effect he publicly disowned Mr. Clerides when news of the agreement broke in Cyprus earlier this year, a politically embarrassing "leak" which Mr. Denktash did everything to encourage, supported by certain hardline elements in the present coalition government in Ankara, who insist that Turkey should not "give an inch of ground" as part of any Cyprus settlement.

Mr. Clerides resigned as the chief Greek Cypriot negotiator, despite strong support for him by the Karamanlis government and general backing from both London and Washington. He was subsequently voted out of his position as president of the House of Representatives and, as such, constitutionally next in line to the presidency of the Republic.

He has since formed a new political party—the Democratic Rally—to contest Sunday's elections to the 35-seat House on a platform which, basically, advocates an acceptance (however reluctantly) of the Turkish army's occupation of a part of Cyprus and supports a negotiated political settlement, if necessary involving directly Athens and Ankara, built around the principle of federalism. In the process, Mr. Clerides and Mr. Karamanlis hope that Turkey would offer some territorial concessions on the ground, bringing the area of the island now under direct Turkish control to something near the 20 per cent. of the population that is Turkish Cypriot.

Ranged against Mr. Clerides in Sunday's elections is an unholy alliance: an anti-Clerides popular front made up of the right-of-centre and staunchly pro-Makarios Democratic Front, headed by the former Cypriot Foreign Minister, Mr. Spyros Kyprianou, the militant socialists of Dr. Lyssarides (who have close links with anti-Karamanlis forces in Greece itself) and AKEL, the numerically powerful and strongly Moscow-oriented Cyprus Communist Party.

This three-party front has divided its candidates in the six electoral regions (Greek-Cypriot refugees from the Turkish-occupied areas of Famagusta and Kyrenia will vote under their former constituency labels but in their areas of present residence) so as to try and deprive Mr. Clerides and his supporters of any representation in the new House of Representatives. The three parties are calling on their followers to vote as a "popular front."

In theory, therefore, Mr. Clerides and the Democratic Rally should be crushed totally in terms of actual seats won, but the real interest in this election—and it is the key question which worries Archbishop Makarios too—is the size of the popular vote captured by the faction supporting Mr. Clerides who, incidentally, personally headed the poll over all other party leaders in the Nicosia constituency in the last Parliamentary elections six years ago.

Since AKEL and the Socialists between them can probably count on roughly half the popular vote, the important barometer will be the relative showing of the Kyprianou-led Makarios hard-line Makarios faction, which argues ambiguously that the campaign to regain Cyprus independence will be a "long struggle," and Mr. Clerides and his followers, "political realists" on the Cyprus question and, increasingly in this election campaign, strongly anti-Communist.

Mr. Clerides believes that a Cyprus settlement could be possible in the context of wider Greek-Turkish negotiations, as called for last week by the UN Security Council, which would also embrace the highly sensitive Aegean question and other bilateral problems between Ankara and Athens.

AKEL would like to involve the Russians directly in the Cyprus problem. Dr. Lyssarides and his Socialists are anti-Nato and opposed to Greek Premier Karamanlis, while the Archbishop seeks to manipulate the political scene from within his presidential retreat, while calling publicly for a long struggle against the Turkish "invaders."

What perhaps concerns President Makarios most is that a relatively strong showing by Mr. Clerides—in the context of this election, and in view of the forces ranged against his new Democratic Rally, that would mean about 30 per cent. of the popular vote—could throw up a ready-made and lay challenger to the Archbishop in the next Presidential elections scheduled for early 1978. To beat back such a challenge would require the Archbishop to fall back directly on the close on 40 per cent. of the Cypriot electorate which votes Communist, hardly an inviting prospect for him either as President or religious leader of all the Greek-Cypriot people.

OVERSEAS NEWS

Riot flares in Cape Town city centre

CAPE TOWN, Sept. 2.

ANTI-GOVERNMENT rioting erupted to-day in an exclusively white city centre area for the first time in 10 weeks of nationwide unrest and baton-wielding police fired teargas into several thousand coloured rioters.

Witnesses said there were several injuries during street clashes in Cape Town's busy Adderley Street. Scores of bystanders scurried for cover in shopping arcades, businesses closed and traffic came to a halt.

White clouds of tear gas enveloped large sections of the fleeing crowds. Several groups of rioters re-formed and ran up to the top end of the street to Parliament with police in pursuit. Elderly women were knocked down and police said several whites were "molested."

It was the second day of anti-Government rioting by coloureds and coincided with a strike by black, coloured and Indian bus drivers in Durban where morning commuter services were crippled for hours.

Shoes, scarves and shattered spectacles littered the sidewalks after to-day's rioting. A white secretary said she was shoved into a gutter when a group of rioters rushed a journalist taking photographs. Other bystanders covered their faces with handkerchiefs against the swirling teargas.

Police exploded the cannisters when rioters grabbed scaffolding from a building site and began smashing windows and battered a police patrol car.

Government leaders, including Interior Minister Connie Mulder, last month predicted the rioting would die down by the end of August after a round-up of leaders of the black power and black consciousness movements.

Police Minister Jimmy Kruger said 77 people were held without trial under South Africa's security laws, and another 744 were under arrest on charges connected with the rioting.

Mr. Kruger late yesterday met with some 30 black leaders from Soweto to explore new methods of curbing unrest in the township.

Police said 41 people were killed there last week when dissidents tried to enforce a three-day general strike and intertribal street brawling ensued with a bloody backlash by Zulu tribesmen against the strike instigators.

Mr. Kruger has said blacks should be free to form vigilante groups to protect their property so long as their methods conformed to the law. To-day he re-imposed a nationwide ban on all public meetings.

The unabated violence sweeping the republic, though on a reduced scale now, preceded by two days Prinme Minister John Vorster's scheduled meeting with U.S. Secretary Dr. Kissinger in Zurich.

Last night Mr. Vorster said that South Africa's internal policies would not be prescribed by any outsiders, an indirect rebuttal of Dr. Kissinger's earlier remarks in Philadelphia that South Africa's apartheid policy was "incompatible with any concept of human dignity."
UPI

Egypt seeks big changes in IMF economic plan

BY MICHAEL TINGAY IN CAIRO AND RICHARD JOHNS IN LONDON

EGYPT IS asking for major changes in the economic stabilisation programme worked out and agreed with the International Monetary Fund earlier this year, according to officials here.

The Government wants the austerity programme toned down and also introduced more gradually. The IMF is to consider the proposed revisions this month and its attitude may be vital because the surplus Arab oil prdoucers, in particular Saudi Arabia, have made continued financial aid partly conditional on Egypt's acceptance of strong economic medicine—complaining that they cannot continue pouring money into an "open drain."

The Egyptian argument is that the inflationary effects of the programme could have serious economic and political consequences. In the words of one official "application would be political suicide."

There were three main elements in the package agreed in May—a reduction in the Government's budgetary deficit involving big cuts in subsidies; the introduction of a new "commercial" exchange rate on which most foreign transactions would be calculated; and the levying of customs duties on it rather than the unrealistic official exchange rate.

The proposed "commercial" rate would be a floating one though strictly controlled by the authorities and supported by a modest fund of some $250m. of which the IMF was to have provided $200m. in the form of $77m. compensatory credit and $125m. as a stand-by credit. It was to have replaced the existing "parallel" exchange rate, which governs a restricted number of transactions, and to have come into force some time in July.

Not only has the "commercial" rate not been introduced but the Government has reverted to substantial deficit financing with recourse to Treasury bill issues and unguaranteed printing of bank notes in direct contravention to its stated intentions earlier this summer.

Last month the Government asked the recently established Gulf Fund for Egyptian Development to provide mainly long-term capital finance for £E506m. (the equivalent of nearly $1.3bn. at the official exchange rate) for budgetary support. The application is still believed to be under consideration at the fund's headquarters in Riyadh, Saudi Arabia.

Among the modifications sought is a continuation of subsidies on wheat, sugar, tea, cooking oil and cheap cloth as well as wheat. Egypt is also asking that the existing "parallel" rate should be retained for the time being and not replaced with the new one.

Egypt's case is that the proposed "commercial" rate would amount to a de facto devaluation of 80 per cent. and add 8 per cent. to Egypt's existing inflation rate which is reckoned to be running at 25-30 per cent.

In June import duties on some commodities were levied as an interim measure at the "parallel" exchange rate (68 piastres to the dollar compared with the 38 piastres for the official one). Importers immediately demanded exemptions arguing that production costs had risen. Egypt now wants the IMF to accept that individual commodities should be selected on a case by case basis.

The fear is that implementation of the IMF programme as originally agreed could have a very disturbing effect. The oil producers and the IMF, it is hoped, will appreicate that the package could undermine the stability of President Sadat's essentially moderate regime.

Hussein in surprise Syrian visit

BY LOUIS FARES

DAMASCUS, Sept. 2.

KING HUSSEIN of Jordan arrived here to-day unexpectedly at the head of an important delegation including Mr. Muder Badran, the Prime Minister, Mr. Adnan Abu Adwa, the Minister of Information, and the Deputy Chief of Staff of the Armed Forces.

Immediately after his arrival the Jordanian monarch held private talks with President Hafez Assad of Syria which a Jordanian diplomat described as "urgent and important."

The consultations are the latest in a series which began in the middle of last year. However, they take on a special significance following so soon after President Assad's meeting with Mr. Elias Sarkis, the President-elect of Lebanon, and could be seen as another move towards the establishment of a confederal entity embracing Syria, Jordan and the Lebanon.

At the week-end the semi-official Damascus newspaper Al Thawra said that Mr. Sarkis's visit should be "followed by regular meetings in Damascus, Amman or any other place—in any city or village which may be adopted as federal capital."

King Hussein's visit came less than 24 hours after that of Mr. Sarkis. Although nothing was said officially on the outcome of his talks with President Assad, well-informed sources believe that Assad and Sarkis have elaborated a joint long-term plan for action providing for the solution of the Lebanese crisis.

The belief in diplomatic circles here is that "it is very likely that Syrian troops now present in Lebanon may be placed under the direct orders of Mr. Sarkis in order to enable him to exercise power efficiently after he assumes his constitutional responsibilities on September 23."

Bearing in mind that President Assad and King Hussein have decided a few months back to co-ordinate their Arab and foreign policy and formed a joint Syro-Jordanian Supreme Command, observers regard the present visit of King Hussein to Damascus as a normal move that could mean only one thing: total co-ordination between them and Mr. Sarkis on the next moves in Lebanon and also at the forthcoming Arab summit.

U.S. and Canadian banks may receive ultimatums to resume operations in Beirut soon or have their work licences revoked, a spokesman for Beirut's stock exchange market said yesterday, AP-DJ reports from Beirut.

Arab Foreign Ministers are scheduled to meet on Saturday in Cairo to decide the date and the place of the summit. Twelve Arab countries, including Syria, have so far expressed their agreement to attend a summit at which the Lebanese crisis would be discussed.

Hisan Hijazi writes from Beirut: Shelling of residential areas has resumed here. The bombardment of Moslem and Christian quarters intensified to-day, bringing to an end an implicit agreement by the combatants last week to stop shelling civilians.

Resumption of the shelling is attributed to escalation of fighting overnight in the southern Beirut suburbs.

Efforts by the Arab League mission to get the combatants to agree to a new peace plan have produced no effective results yet. At a meeting with Major-General Mohammed Hassan Ghoneim, commander of the Arab peacekeeping force, right-wing leaders insisted yesterday that Palestinians must adhere to the provisions of the "Cairo agreement" concluded seven years ago.

General Ghoneim was also meeting to-day with Palestinian guerilla leaders to discuss the reopening of the highway linking Beirut with the presidential palace at Baabda five miles away. The meeting was at the request of Mr. Sarkis who wanted to move to Baabda to conduct contacts with the country's leaders in advance of assuming powers.

Meanwhile, Major Abu Mussa, the commander of Palestinian forces in South Lebanon, said in the left-wing daily Al Moharrer to-day that Lebanese right-wing fighters have moved into southern villages from other Lebanese Christian-held areas via Haifa in Israel.

Lagos A-Commission

By Our Own Correspondent

LAGOS, Sept. 2.

NIGERIA has entered the nuclear race with the establishment of an Atomic Energy Commission charged with responsibility for developing nuclear power for peaceful uses.

A decree issued here yesterday said the Commission will prospect for and mine radioactive minerals; construct and maintain nuclear installations for the purpose of generating electricity; and conduct research into peaceful uses of atomic energy.

ON OTHER PAGES

No sign of soul-searching by Rhodesian Front

BY OUR OWN CORRESPONDENT

SALISBURY, Sept. 2.

RESOLUTION submitted to the annual congress of the ruling Rhodesian Front Party, to be held in Umtali from September 15-17, give no sign that members are considering any significant change to their policies.

The predominant impression is of a society at war and under siege, apparently not willing to break the political stalemate or else unable to come up with alternatives to white rule.

No less than 15 out of the 28 resolutions deal directly or indirectly with the war—one from Mashonaland rural division calling for the "anti-terrorist campaign to be conducted in a purely military fashion."

Party policy comes up for discussion in two resolutions. One calls for the principles of the Rhodesian Front "either to be adhered to or Congress agrees to review them." The other asks Government to implement "European provincialisation" (the programme which envisages that whites and blacks will take increasing responsibility for their own areas) immediately.

There are two demands for harsher penalties to deal with "terrorism."

Concern is expressed at "the increasing infiltration by members of other communities into European residential areas." The Manicaland division "requests Government to take over all missions and as a matter of urgency those missions that are situated in the European land category."

Other resolutions propose re-introducing cadet-training at schools "consistent with the needs of the society into which school-leavers will emerge," advocate greater control of the multi-racial University of Rhodesia, and retaliation "against externally-based persons who continue to give financial and other support to terrorists."

Polisario Front claims ambush successes

ALGIERS, Sept. 2.

THE POLISARIO Front, which is fighting for the independence of the former Spanish Sahara, claimed its guerillas killed nearly 200 Moroccan troops in ambushes near the desert town of Smara last week.

In a military communique published here last night, the Algerian-backed Front also said 172 Moroccan troops were wounded and 13 taken prisoner in the fighting. Polisario losses were not given.

The communique said two Moroccan units retreated from a position near Smara last Thursday after being shelled by Front guerillas for some days.

The Algerian Government daily El Mouadjhid reported today that the Front had elected a new Secretary - General, Mohamed Abdelaziz, at a six-day People's Congress which accepted a constitution for the Democratic Arab Republic of the Sahara.
Reuter.

THE ANNIVERSARY OF THE LIBYAN REVOLUTION

Khedaffi softens on Egypt

BY JAMES BUXTON, TRIPOLI, SEPTEMBER 2

THERE is now a better chance of a solution to the bitter dispute between Egypt and Libya following the relatively moderate speech by President Muammar Khedaffi early to-day, informed observers here believe.

At a floodlit rally marking the anniversary of the revolution which brought him to power, President Khedaffi said that Libya would not break off diplomatic relations with Egypt and wished to pose no threat to the 250,000 Egyptian workers in Libya.

Relations between Egypt and Libya have reached a very low level in the past two months, with 30,000 Egyptian troops (according to U.S. estimates) on the border with Libya and a corresponding build-up on the Libyan side in the past week.

The row has been exacerbated by Egyptian charges—all denied in Libya—that President Khedaffi's Government has been responsible for bomb attacks in Cairo and Alexandria and for the attempted hijacking of an Egyptian airliner at Luxor last week.

In his speech, President Khedaffi said that if the decision had been his he would not have hesitated to break off relations with the Sadat Government "in retaliation for its rancour, ingratitude, its flagrant aggressive acts against the Libyan Arab People and its alliance with the Zionist enemy." But the decision not to break off relations was taken by the Popular Congresses of the ruling Arab Socialist Union throughout the country, he said.

Although he bitterly attacked the Egyptian President's Government, he was careful not to insult Mr. Sadat personally and he drew a sharp distinction between the bad feeling amongst the two leaders and the "natural friendship" of the Egyptian and Libyan peoples. It would be impossible, he said, for the Libyan Army to fight against Egypt.

Aggressive

By refusing to escalate the conflict between the two Governments, Col. Khedaffi has made it more difficult for Egypt to continue to put pressure on Libya without appearing aggressive and irresponsible.

The Libyan view is that President Sadat has been making the running in the dispute so far but that there is little he can do against Libya. Any form of invasion of Libya would be unlikely to topple President Khedaffi's Government and would earn Mr. Sadat bitter condemnation in much of the Arab world.

An attempt to withdraw the 250,000 Egyptian workers on whom the Libyan economy depends would probably meet a lukewarm reception from the workers themselves, many of whom have demonstrated against Mr. Sadat here.

It may therefore be possible for some outside mediator to try to bring the two leaders together.

Meanwhile, the anniversary celebrations provided a striking demonstration of the role the Soviet Union is playing in Libya. The highlight of the midnight military parade was the appearance of 25 Scud missiles built in the Soviet Union.

The missiles, of which Egypt has a number, have a range of 300 miles and could, if stationed in Egypt, reach Israel. Many of the Soviet military technicians reported to be in Libya are believed to be training Libyans to operate the missiles.

In the past year and a half the Soviet Union is thought to have sold Libya arms valued at at least $750m., paid for in hard currency. Libya is thought to have added at least 1,500 T62 and T64 tanks to its existing force of about 350 tanks of various kinds in that time.

Col. Khedaffi refuted charges that Libya was spending its money on "terrorism, aggression and plots," but nevertheless reserved the right to do so.

He also said that as a new stage in the Libyan revolution, the People's Congresses would choose representatives to replace the posts of Prime Minister and Ministers. The elected "supervisors" would handle such internal affairs and external affairs.

Changes

The Congresses would also choose a citizen to replace the "chairman, leader, king and emperor"—an apparent reference to Col. Khedaffi's own position—while the man chosen to replace the Prime Minister would oversee the new supervisors.

Col. Khedaffi gave no indication of when these changes might take place. The general feeling among observers here is that these theoretical adjustments in the Constitution would not in fact alter the dominance of the country by the Revolutionary Command Council, the five-man ruling body which includes Col. Khedaffi and Premier Abdusslam Jalloud.

HOME NEWS

STAND PIPES GO UP IN YORKSHIRE

Water savings up to 50% ease threat to Welsh industry

BY STUART ALEXANDER

A GLIMMER of hope that the threatened 50 per cent. cuts in supplies of mains water to industry in south-east Wales on September 15 will be postponed was seen yesterday.

Consumption figures in the last week compared with the week beginning July 19—the last full week of industrial working before the holiday season—show savings up to 50 per cent.

But in Devon and Cornwall the position continues to deteriorate despite some early-week rain.

In Ulster domestic night rationing is to begin next Wednesday in areas of Belfast and South Down served by the Silent Valley reservoir. Industry will not be affected. But supplies to homes will be cut off from 7 p.m. to 7 a.m., said Mr. Don Concannon, Minister of State at the Northern Ireland office, who added that it was largely because of savings that drastic action had been delayed.

In north-west Gwent, in in Wales, industry is coping so far with the 50 per cent. cuts in mains supplies which were brought into force on Wednesday. Metering of the 70 to 80 companies involved began this week. Public response to savings appeals may save the order from covering the whole of industrial South-East Wales in two weeks' time.

Restrictions of home supplies began at the end of July in north-west Gwent. On August 9, 12-hour domestic cuts were introduced in most of industrial SE Wales. They were increased to 17 hours a day on August 23. On the same day, 13-hour cuts were introduced in Pontypridd and Taff-Ely. On Wednesday they extended to Rhondda borough.

The possibility of delay was welcome by Mr. Zach Brierley, chairman of CBI Wales, who said: "We are determined to fight any cuts in the supply of water for industrial purposes. The water is available in other areas and it is the water authority's responsibility to ensure that it reaches south Wales.

"It is inconceivable that contingency plans do not exist and in our view they should be announced immediately to ensure that adequate continuing supplies are made available."

In the south-west plans are going ahead to install standpipes in north and west central Devon, Plymouth, South Hams, Torbay and south-west Devon, Bodmin, Wadebridge, Padstow and Exeter. They will come into use in north Devon on September 15 but industry will not be affected. Plymouth and Torbay are due to follow on October 1.

Although the Royal Navy is still studying the feasibility of bringing in water by tanker, it is thought that it would be nearly prohibitive except as a last resort.

Stocks drop

Stocks in north central and south-west Yorkshire have dropped respectively to 30.1 per cent. and 38 per cent. of normal at this time of year. Standpipes are being put up in the south-west area, which takes in Halifax, Huddersfield, Wakefield and Dewsbury, serving about 750,000 people. They are not due for use until September 15. Supplies to industry will be maintained.

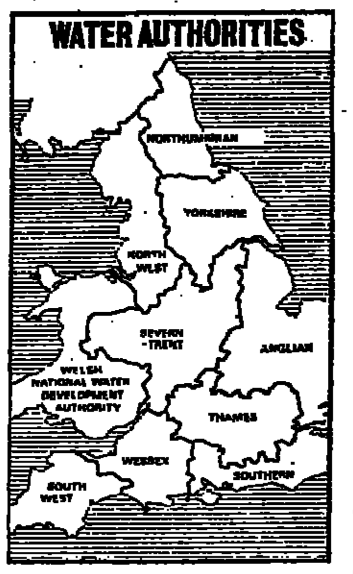
Other areas in the region are not so badly hit, though consideration may be given to generally reduced pressures.

Northampton, Peterborough, Lincoln and Bedford are the worst hit in the Anglia water authority area, where response to an appeal for 20 per cent. savings has been patchy.

Plans for cuts in domestic supplies from next Monday have new been dropped. The authority, which has been drawing several million gallons a day from temporary sources, is still to apply for powers to reduce pressure and bring in rota cuts.

It is hoping that the plan to reverse the flow of the Ouse will be given early approval and that this will produce an extra 30m. gallons a day by the beginning of October.

In the Severn-Trent area both the local CBI and the NFU were asked to make voluntary 40 per cent. cuts in consumption at a meeting this week with the water authority.



70 days

The area, which takes in Birmingham, Nottingham, Coventry, Derby and worst-off Leicester has about 70 days' supply in hand and plans no further restrictions before mid to late October. Priority would then be given to industry at the expense of domestic supplies.

A plea to save a further 100m. gallons a day has been made by the Thames Water Authority, whose reservoir stocks are down to about 45 per cent. of normal. So far, public appeal has led to a 20 per cent. reduction in usage. The authority would like to double this.

There is already an average 15 per cent. reduction in pressure in the London area. But further restrictions are unlikely before November. Industry is a priority now, and will remain so.

Yeovil and Taunton are the two main problems to the Wessex authority, but stocks are standing at 66 per cent. in the region, and a spending programme of £1.25m. in the past year has led to a 33 per cent. increase in water supply.

In the North-West there is 70 to 80 days supply remaining. Mains pressure throughout the region has been reduced. The main connurbations of Merseyside and Greater Manchester are not seriously threatened. Contingency plans to introduce standpipes into the worst-hit areas of Rossendale Valley, Tameside and Macclesfield have been made.

In the extreme south and the north and Scotland the position is much easier. Portsmouth and Southampton are not under threat, and the large underground stocks, coupled with some domestic restraint, have been sufficient to avoid severe restrictions.

All the water authorities in England and Wales have now applied for powers under Section 1 of the Drought Act, 1976. This allows restrictions on use from the mains of hoses and sprinklers in public and private parks, gardens and playing fields, filling of swimming pools, use of automatic car washes, washing of road vehicles, buildings and windows, use of fountains or cascades, and use of automatic flushing cisterns in buildings wholly or substantially unoccupied.

Guarantee on summer holiday prices

By Arthur Sandles

BRITISH AIRWAYS' tour operating subsidiaries, Sovereign and Enterprise, are to guarantee the prices of any summer 1977 holiday bought between next month and February 1 of next year.

The pledge, described as "a carefully calculated risk" as far as exchange rates are concerned, is similar to one made last year which provoked considerable argument in the travel industry.

British Airways, which now claims to be Britain's second largest tour operator, behind Thomson but now ahead of Cosmos, appears to be placing some trust in the future weakness of the peseta. It can buy money forward when final invoices are sent out, but not before.

The guarantees apply only to Europe and North Africa.

New Sovereign and Enterprise brochures will be published next month, and these will show an average price rise of 12 per cent over this year (brochure prices plus surcharges).

Mr. Gerry Draper, who heads the BA Travel Division, said that the two companies were aiming for a 10 per cent. growth this year to 220,000 passengers, although he felt the total travel market was unlikely to increase by more than 2 per cent.

Recently, Thomson Holidays, in announcing its 1978 plans, guaranteed only its villas and apartments prices.

Thomson also announced yesterday that it would run week-end breaks to Paris this winter for a minimum of £29. Flights will be from Luton.

Included in the price are three nights' bed and breakfast, and transport between airport and hotel.

The flights will land at Le Bourget. Three-night holidays depart on Thursdays, returning on Sundays. Four-night holidays leave on Sunday, returning on Thursday.

New British Leyland report shows another rise in earnings

BY TERRY DODSWORTH

BRITISH LEYLAND will publish figures soon showing that it managed to build on its profitable first half to this financial year with a further three months of rising earnings up to the end of June.

The report will come as a surprise, because British Leyland was not due to present its next round of figures until January. The company has been re-organising its financial year on a calendar basis rather than to the end of September and, having published half-year figures to the end of March on the old pattern, was expected to run through until December.

However, British Leyland needs to provide the figures to the end of June to enable its parent organisation, the National Enterprise Board, to present its statutory half-year report and, having provided the Board with public data, it has to give it also to its other shareholders.

The figures are expected to show the biggest profits coming from the International Group, which has continued to reap the benefits of the recent currency realignments following the slide in sterling. The Car Group is still highlighted as the major area of weakness as was the case in the half-year results, when BL showed a pre-tax profit of £14.2m.

British Leyland looks fairly certain now to record profits for its first year in State ownership when it had expected to make a loss.

Falling output

But it is clear that the reason for this lies in currency movements rather than a fundamental upturn within the organisation. The company's recently established target production rate of 22,000 cars a week has been completely undermined by the rash of disputes which have broken out in several plants.

The target was established for the end of August, when Leyland Cars was trying to re-establish smooth production following the last bout of disputes in April, and before the delicate negotiations leading up to the first £100m. tranche of loan finance from the Government in July. But, having reached a rate of about 17,000 vehicles a week in mid-August, output has fallen away in the last two weeks to even further below target.

British Leyland executives concede that there is almost no hope of the company's being adequately able to serve its domestic markets this month and next, particularly after a heavy rundown of stocks in August when the company is believed to have sold more than 50,000 cars.

The executives say that the company will stick by its investment programme, running at the rate of about £10m. a month, rather than cut back as it did when it ran into trouble last year with car production. The major areas of spending under consideration relate to foundries, a new range of diesel engines and the new Mini.

PLA 'must solve cash crisis'

BY JOHN WYLES, SHIPPING CORRESPONDENT

A STERN warning that the Port of London has by no means solved its cash crisis and that rationalisation and new business are both urgently needed, was given by Mr. William Bowey, managing director of the Port of London Authority, yesterday.

In a tough mid-year message to the PLA's 6,000 employees, Mr. Bowey counsels against any assumption that the Government will bail the Port out of its difficulties. Summing up the PLA's position thre months after reposition three months after re-1975, Mr. Bowey writes:—

"The facts are that being not nationalised and therefore without direct access to Government loans; being neither constituted nor geared to operate as a profitable business, we happen to be trying to operate in a highly competitive industry, nationally and internationally, with too many people and too many facilities."

The PLA had improved its cash flow but was "still much too close to the limits of borrowing." More traffic was needed to help offset high fixed costs—"fixed and high mostly because we have too many people in the business."

This is a reference to the PLA's chronic surplus of employees, most of which can only be eroded by dockers voluntarily applying for redundancy under the Dock Labour Scheme. Earlier this year, the PLA calculated that surplus dockers and staff would cost it between £6m. and £7m. this year.

A bid to cut costs by switching most cargo handling from the West India to the Royal Docks has run aground on union and local authority opposition.

A revised scheme, based on closing four berths at West India is now being discussed with the unions. In his message, Mr. Bowey appeals for co-operation in rationalisation schemes and in staff and dockers' severance.

Brewers broke records in heatwave

THE HEATWAVE brought Britain's brewers virtually to capacity working in July, with production reaching a record 3.9m. barrels (1.123bn. pints). With demand for lager in particular reaching peak levels, the total was 2 per cent. up on 12 months before and compares with the 3.66m. barrels rolled out in June.

The July result has done a little more to compensate the brewers for the bad start they had this year, bringing the cumulative 1976 total above that for the equivalent period of last year for the first time. Compared with January-July last year, output rose by 0.1 per cent. in the first seven months of 1976.

At one time, the brewers were predicting an overall 1 per cent. fall in production this year.

Basic indicators still reflect uncertainty

BY MICHAEL BLANDEN

UNCERTAINTY over development of the economic recovery in the U.K. is shown in the basic cyclical indicators published by the Central Statistical Office in to-day's issue of Economic Trends.

The various indices suggest only a slow rate of recovery, but there are considerable doubts about the short-term movements in some of the major components which have influenced the composite indicators.

The composite index of the longer leading indicators—those economic statistics reckoned to anticipate the underlying trend—fell again in July, though the drop from 115.6 to 115.2 was less marked than in recent months.

This index was influenced by continued falls in two components, the series for the inverted short-term interest rate and the FT-Actuaries share price index. A downward revision to housing starts in May and a further decrease in June confirmed the fall in the composite index over this period.

The index of shorter leading indicators dropped slightly in June, its first fall since July last year. A sharp fall in new car registrations accounted for most of the drop.

The index of coincident indicators fell in June but was unchanged over the second quarter as a whole. A small rise in the smoothed series for manufacturing production was insufficient to offset a sharp fall in the series for the volume of retail sales.

There was a further fall in July in the index of lagging indicators—those which run behind the trend—with two components available. Of these, the sharp movement in unemployment more than offset a slight rise in the vacancies

● The top 100 manufacturing companies in the U.K. account for between one-third and two-fifths of total employment in manufacturing, according to the way in which the size of the companies is measured.

This is shown in a special article in the latest issue of Economic Trends which examines the degree of concentration in industry as reflected in the importance of the top 100 companies.

Liberals publish conference agenda

THE LIBERAL Party yesterday published the agenda for its annual assembly to be held in Llandudno in two weeks' time.

The themes of the conference will include political reform, the level of public spending and the reduction of Government waste. Mr. Alan Beith, the party's Chief Whip, will outline the Liberal case for electoral reform and stress the party's commitment to a federal form of devolution for the U.K.

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HOME NEWS

Final tests under way on new power station

BY ROY HODSON AT HINCKLEY POINT

THE FIRST of Britain's second generation nuclear power stations, the twin advanced gas-cooled nuclear reactors of Hinckley Point B, will provide 1,000 MW for the national grid during the coming winter.

Hinckley Point B was described here yesterday by Mr. A. H. Jones, director of projects of the Central Electricity Generation Board, as "one of the most advanced, sophisticated and safest power units in the world."

During the last two months the first reactor has been run at full load for a test period and then worked up to a continuous load of more than 500 MW. The final test on the second reactor is now being made before bringing it into operation to supply electricity to the grid.

Although the CEGB is not prepared to comment about the generating costs of its newest station, it is understood that the cost of electricity from Hinckley B is already comparable with the best performance of the first generation Magnox nuclear stations, which averaged production costs of 0.67p per unit of electricity.

That cost level is well below the generating costs of coal-fired power stations, which average 0.97p per unit.

When Hinckley Point B is fully run in, it is expected to provide electricity more cheaply than any other power station in Britain.

Corrosion

Hinckley Point B is still working under a technical restriction which limits it to four-fifths of its theoretical output. Engineers are working on a chemical corrosion problem involving sophisticated chrome steel inside the reactors.

Until satisfactory answers are obtained about the rate of corrosion it is proposed to limit the new station's output in order to avoid shortening its projected 30-year life.

The fact that Hinckley B is performing so smoothly in its early days is delighting both the constructors and the CEGB. It is also injecting a new element into the bitter debate in nuclear circles and with the Department of Energy about the design of nuclear power stations that should be ordered next to provide much-needed continuity of work for the heavy electrical industry.

The choice has been broadly *between the British concept of a* steam-generating heavy water reactor and an American-design pressurised water reactor. But now the British-designed advanced gas-cooled reactor is increasingly finding favour as a sound choice instead of one of the newer designs.

If Hinckley B continues to perform with its present efficiency during the next few months its record and commercial conditions are expected to give its competitive leverage against the other designs when the Government has to make the final decision to order a new nuclear power station for the 1980s.

More oil tests near Brae field

By Ray Dafter, Energy Correspondent

OIL COMPANIES are stepping up their drilling programme in the vicinity of the Brae Field, one of the most promising of the North Sea finds yet to be declared commercial.

Two semi-submersible rigs have been moved into the area to join two already involved in drilling operations.

The Pan Ocean group has just started to drill a further appraisal well on block 16/7 which contains the Brae Field. The Atlantic One rig is sinking the fifth well on the block, to the west of the first discovery well.

Clues

Pan Ocean, which has already reached a depth of 12,000 feet in the fourth well bein gdrilled by Odin Drill, hopes to start formal evaluation of commercial prospects later this year. It is possible that further appraisal drilling *will be carried out in the* autumn.

To the south Phillips is about to operate Western Pacesetter for the second well on block 16/17 where the group recently discovered the Thelma Field on what is believed to be the Brae geological trend.

In between the Pan Ocean and Phillips operations, the Placid-Hunt-Viking Group is about to start testing a prospective zone on block 16/12. Work has been held up by *technical problems, but final* testing is expected to begin within the next few days. The operation should provide more clues about the shape of the Brae structure. At present it appears that there could be a series of assoicated but separate fields running north-south through the blocks.

Brae is already recognised as one of the biggest discoveries in the North Sea with possibly more than 1bn. barrels of recoverable oil reserves and *two to three trillion cubic feet* of gas.

Phillips is currently evaluating two promising discoveries made this year, for it is also drilling with the Ocean Rover rig on block 15/27, close to its Renee find.

North Sea Oil Review Page 25

Stationery Office sued for libel

THE STATIONERY OFFICE, *which prints the 310 year-old* London Gazette, is being sued in the High Court by a Cheshire firm of solicitors, W. Stuart Hague and Co., who complain about publication of a Law Society Disciplinary Tribunal order in the Gazette last January.

They say the notice should have given the address of a struck-off solicitor as "c/o" their firm, and that the notice implied that the solicitor was a member of the firm. The Stationery Office says the item was published innocently at the request of the Law Society.

The case is one of 45 libel actions due to be heard in the next few months. The London Gazette, the official Government newspaper published "by authority," was last sued for libel in 1922, when a Manchester clothier was awarded £10 damages.

● Among 23 cases listed for hearing in the law term beginning on October 1 is one by Broadway producer Alexander *Cohen against the Daily Mail.* It concerns an interview with Marlene Dietrich about her BBC television show in 1973. The actress is named as a co-defendant.

● Associated Newspapers, publishers of the Daily Mail, are also named as defendants in an action by Lord Wigg, formerly chairman of the Horse Race Betting Levy Board.

● Clive Jenkins and his union, the Association of Scientific, Technical and Managerial Staffs, *are suing Paul Foot and the* Socialist Worker over an article published in February last year.

● Anti-porn campaigner Mr. Raymond Blackburn is one of several people whose libel actions against Private Eye are in the list of coming jury actions published yesterday.

● Princess Elizabeth Bagaya, of Toro, former Ugandan Foreign Minister, has libel actions against three newspapers.

Record year forecast for Ford commercials

FORD of Britain this year expects to produce more than 150,000 vans, trucks and buses for the first time. Mr. Andy Thoms, truck sales director, forecast yesterday that 1976 was going to be a record year for Ford commercial vehicle production.

This year's figure compares with a record of 143,519 in 1972 and last year's total of 128,502.

Mr. Thoms said the increase was due to a sharp upsurge in export markets which should take at least 85,000 commercial vehicles this year, worth £230m., or 57 per cent. of total output. The existing export record of 67,743, worth £160m., was set last year.

Mr. Thoms said: "We have performed well in a depressed *market.* Total sales of commercials in the U.K. will be down again for the third year in succession at about 211,000 vehicles. However, in this falling market Ford has managed to increase its penetration with the result that in 1976 we expect to hold our 1975 U.K. volume at about 67,000 unit sales." It would be the fifth consecutive year in which Ford had outsold every other make.

There were signs that the market had bottomed out and recovery was under way. The company was confident that *sales would strengthen further* towards the end of the year and that the upsurge would continue into 1977 giving a market of more than 230,000—10 per cent. higher than in this year.

● Citroën yesterday became the latest Continental car manufacturer to raise U.K. prices. The company announced 5 per cent. increases on the Dyane and GS models last month. Now the CX 2000, CX Super, CX Pallas and Safari Super are to go up by the same amount. At the same time, the range is enlarged by the addition of diesel versions of the 2200 saloon and Safari models, and three 2400 CX models, including a top-of-the-range Prestige luxury saloon at £4,638. Minor changes and improvements are also being made to the GS range.

Government rejects freedom of choice for new-town loans

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE GOVERNMENT has given the "thumbs down" to a suggestion that new town development corporations should be free to choose both the sources and the type of loans they require to finance their operations.

The recommendation was first contained in the Select Committee on Expenditure's report on new towns published a year ago but the plan was yesterday rejected by the Government which responded to the report in the form of a *White Paper.*

The committee had pointed out that, at present, corporations were restricted to 60-year loans from the National Loans Fund and that alternative sources appeared desirable.

In its response, however, the Government says it does not accept the case for making new town corporations an exception to the well-established policy that medium- or long-term borowing on the domestic market by public corporations by way of guaranteed fixed-interest loans should not be permitted.

Given their nature, the White Paper states, these would attract funds already destined for the gilt-edged market.

"The supply of such funds is limited and the net effect of allowing statutory corporations to borrow in the market on their own account would be a loss of flexibility in the Government's own operation in the market and a likely increase in the cost of public sector debt as a whole.

The Government says it believes there remain "clear advantages" in public corporations continuing to take all their fixed interest loan capital, other than that required for temporary purposes, from the National Loans Fund.

This ensured that maximum flexibility was preserved for the Government's own borrowing and that this could be obtained *on the most favourable terms.*

The Government does, however, endorse the committee's view that new towns should be seen as part of the implementation of wider social, housing, employment and regional policies and that they should be kept under review in the context of those policies.

The response makes it clear that some of the report's recommendations are already being put into effect.

In particular, the New Towns (Amendment) Bill, at present before Parliament, will when enacted meet the committee's recommendations for the transfer of housing and associated assets from development corporations to district councils.

In addition, the Government has already revised the guidelines relating to tenancy allocation in seven of the new towns around London and intends that the same broad principles should apply to other towns in due course.

Increased priority is to be given to the elderly and disadvantaged, enabling new towns to make a greater contribution to the problems of inner city areas. The requirement that houses should not be allocated to those people working outside the designated areas has also been relaxed.

New Towns — Government Observations on the 13th Report from the Select Committee on Expenditure. SO; 28p.

Newspaper squatters will not disrupt sale

BY RAY PERMAN, SCOTTISH CORRESPONDENT

WORKERS who have been occupying the former Scottish Daily News building in Albion Street, Glasgow, since the workers' Co-operative newspaper ceased publication last October agreed yesterday not to obstruct an auction of the plant and building.

They were backing a challenge made by the publisher, Mr. Robert Maxwell, to the liquidator to put the premises up for auction. Mr. Maxwell hopes to launch a new evening newspaper from the *building, but his offer of* £800,000 has been rejected.

During a visit to Glasgow yesterday he called the liquidator to try to get more. "I doubt if he can," he added.

A planned auction of the presses alone was called off in May this year after workers threatened to disrupt the sale.

After a meeting of 60 members of the Co-operative yesterday, Mr. Alastair Blyth, chairman, said they will not now disrupt an auction. He added: "We are reluctant to leave the building as we are doing a lot of preliminary work on production of the new paper."

The liquidator, Mr. James Whitton, said he had not been approached by Mr. Maxwell, and declined to comment on the possibility of an auction.

Up to now Mr. Maxwell has been the only bidder, although speculation has continued, despite denials, that Sir Hugh Fraser might wish to buy the building to re-house his newspapers, the Glasgow Herald and Evening Times.

Creditors of the Daily News, mainly the Government and Beaverbrook Newspapers (who sold the building to the Co-operative) are still owed £1.9m. Building and plant have been valued at £1.8m. if they continue to be used for newspaper production.

Mr. Maxwell said he had been talking to the Government about the possibility of a grant towards launching the new paper, which would provide about 400 jobs.

Seddon to turn out more

SEDDON ATKINSON is to increase production of all models from 18 to 21 a day in January and is to re-enter the single-deck bus and coach market with an under-floorlengined chassis.

The company claims strong sales for tis 400 series of tractors and the newer 16-ton 200 series, which also is to be produced in a special export version which will have a slightly lower power requirement.

Machine tools

THE largest machine tool exhibition staged in Britain will be opened by Mr. James Callaghan, Prime Minister, on September 22 at the National Exhibition *Centre, Birmingham.*

LABOUR NEWS

NEWS ANALYSIS ● LEYLAND

Jaguar's paint problems

BY DAVID CHURCHILL, LABOUR STAFF

WHILE BRITISH LEYLAND management is becoming increasingly concerned at the successive waves of disruptive strikes in its mass production car plants in the Midlands—and at continuing rumours of extreme Left-wing militants egging the strikers on — a simmering dispute at the Jaguar plant in Coventry could turn out to be the most dangerous of them all.

The dispute is ostensibly over the siting of a new £25m. paint shop for Jaguar which Leyland says should be built at Castle Bromwich, on the outskirts of Birmingham, some 15 miles from *the Browns Lane factory in* Coventry where the Jaguar workers want the shop built.

But more accurately it reflects a growing frustration among the 10,000 Jaguar workers at their declining status in the new post-Ryder Leyland. This frustration *has led to a section of the Jaguar* work-force withdrawing from Leyland's ambitious attempt at an effective participation structure, as well as emplementing "guerilla" industrial action, such as an overtime ban and 24-hour strikes.

But while this withdrawal represents only a dent in the overall scheme it has already had the effect of hardening the attitude of workers at Triumph and Rover plants — who have never joined the participation programme — against joining in the future. In addition, it creates the precedent for other groups of workers to use the threat of withdrawal from participation as a weapon against management.

Vital issue

The issue of the siting of the new paint shop is considered vital by the Jaguar workers, representing the thin end of the wedge for Jaguar's future within Leyland. Because of the spe*cialist nature of their models* and their up-market appeal, the Jaguar workers have always felt themselves superior to the mass production plants.

This attitude was fostered by Mr. Geoffrey Robinson, the former managing director of Jaguar who is now a Coventry Labour MP. It was during his time at Jaguar some three years ago that he took the decision to invest in a new paint shop to enable Jaguar to keep abreast of changing paint technology.

But it was when the Ryder report on the future of Leyland recommended that Jaguar should lose its separate identity and be incorporated into the unified Leyland Cars structure, headed by former Austin-Morris chief Mr. Derek Whittaker, that Robinson *decided to go.*

Jealousy

The Jaguar workers, who favoured Robinson's fostering of the "elitist" attitude, feel that others in senior Leyland management were jealous of his success with Jaguar, and therefore jumped at the chance to reverse his decisions.

Leyland, however, maintains that this is not the case. Following the Ryder reorganisation, the question of a new paint shop for Jaguar was included in the first Four Year plan for Leyland's future and discussed within the participation structure earlier this year.

In May a meeting of the body and assembly division joint management committee with representatives from all the car plants including Jaguar decided to set up a sub-committee to investigate the siting of the shop. But the Jaguar paint shop stewards refused to become involved in this sub-committee claiming it was unconstitutional as the decision on the location had been made before the participation structure had been set up.

On June 23, the full Leyland Car council met to discuss the situation and agreed to refer the *issue to the plant bargaining* units at Jaguar and Castle Bromwich—which are outside the new participation structure—to enable a decision to be taken by Leyland before the summer holidays.

Not surprisingly, the Jaguar and Castle Bromwich stewards involved failed to come to an agreement, which left Leyland to take a unilateral decision.

This was to build the paint shop at Castle Bromwich, mainly because it could increase capacity there by a third over Browns Lane.

This strengthened the Jaguar workers' fears that the company was to be gradually absorbed into the mainstream Leyland production plants. They argued that if Leyland used the paint shop *facilities for other divisions'* down market models, this would lead to a lowering of standards not in keeping with the high-quality finish expected from Jaguar.

Adamant

The other major reason for siting the paint shop at Castle Bromwich, according to Leyland, was a saving of several million pounds. The Transport and General Workers' Union stewards at Jaguar, the main union involved in the dispute, have countered this claim with their own costing exercise which they say shows it would be cheaper to site the shop at Coventry. For example, the union feels that the management has failed to take full account of the rectification work necessary on the Jaguar bodies which have to be transported to Coventry for final assembly.

The Jaguar workers at Browns Lane are adamant that they will not give way in their claim for the paint shop to be built there and intend to go on with their industrial action, including an overtime ban this week-end and further 24-hour strikes.

Leyland is equally adamant that the decision has been made and must now be implemented. *It hopes that the £86m. invest*ment it plans for Jaguar over the next few years will go some way towards ameliorating the workers' fears.

Provincial papers are likely to publish again to-day

BY IAN HARGREAVES, LABOUR STAFF

PROVINCIAL newspapers halted by the dispute with the National Graphical Association should be able to publish normally to-day *after an agreement between the* union and the Newspaper Society last night.

The society, which represents provincial newspapers groups, and the union issued a joint statement saying that after a series of meetings this week, the two parties had agreed to hold talks on the use of material from "unrecognised" non-union sources.

Meanwhile, the society has recommended that the groups which have sacked NGA men during the dispute—United Newspapers, East Midlands Allied Press and the Bolton Evening News group—withdraw notices. These groups have accepted the recommendation.

The NGA has agreed that its members will work normally, pending the outcome of discussions, but the society has accepted that NGA men will not be asked to handle the disputed "unrecognised" material.

No date has been set so far for a future meeting, but the *possibility of squeezing in a pre*liminary exchange before the NGA delegation leaves for next week's TUC Congress in Brighton has not been ruled out. Dis*cussions could continue in* Brighton.

No quick solution can be expected to a problem which has, according to the NGA, been the subject of discussion over some years.

The NGA ban on "unrecognised" material stemmed from a resolution at the union's conference in June, which "viewed with grave concern the progressive loss of pob opportunities for compositors.

About 60 newspapers and magazines have been forced to cease publication as a result of the dispute.

Leaders of the other print unions can be expected to bring pressure on the NGA over a dispute between its members *and The Sunday Telegraph* following a warning from the Newspaper Publishers Association about the seriousness of the situation if production is again disrupted, for the third time, this week-end.

*This dispute, which is un*official, concerns a pay demand which the Department of Employment has ruled to be outside the pay policy.

Council strike postponed

By Our Labour Staff

AN OFFICIAL strike by 1,300 white-collar staff working for Tower Hamlets Council, London, due to have taken place to-day, has been postponed by the National and Local Government Officers Association.

The union is in dispute over the council's refusal to reinstate *a social worker to his original* job despite the recommendation of an industrial tribunal.

Registration proposed for outworker employers

BY OUR LABOUR STAFF

REGISTRATION with local authorities of all employers of people working in their own homes is proposed by the Health and Safety Commission in a consultative document published yesterday.

The commission says that the protection of people employed for gain in the home against the risk of accident and danger to health is "an important area which is not at present adequately supervised." It believes existing requirements under the Factories Act for the notification of local authorities has "not been well observed" and says the list of trades which *must be notified is a restricted* one which has hardly changed over 63 years.

Under the new proposals employers would have to supply councils twice a year with details of the type of work materials and equipment supplied to outworkers and arrangements would be made for local authorities to obtain outworkers' addresses. Hostels and occupational centres for the elderly or handicapped are, like private homes, included in the proposals.

The commission is concerned that some of the risks to outworkers from materials and processes which they use in their homes might endanger not only the workers themselves but neighbours and other members of the public.

Interested parties are being *asked to comment on the com*mission's ideas by November 30, after which it will make final proposals for legislation to the Employment Secretary.

U.K. ENGINEERS ARE MORE PRODUCTIVE NOW, PROFESSOR TELLS BRITISH ASSOCIATION

Cash needed 'to create wealth by innovation'

BY DAVID FISHLOCK, SCIENCE EDITOR

A FRACTION of the £10bn. a year borrowed by the Government for recurrent expenditure "with very little to show for it at the end" should be made available at low interest rates to support the creation of new wealth by innovation, the British Association meeting at the University of Lancaster was told yesterday.

U.K. engineers were "more creative, more productive of new, exploitable ideas than they had been for a long time," claimed Professor Sir Hugh Ford, head of mechanical engineering at Imperial College, London, in his presidential address to the engineering section.

Britain's poor performance in exploiting ideas had nothing to do with lack of ideas, lack of enthusiasm, or lack of ability. His conclusion was that the climate "is such as to effectively prevent innovation even though it has all the ingredients for commercial success."

Attitudes

Sir Hugh said he found the situation extremely disturbing and blamed Governments of both colours equally for "the steadily *increasing load of bureaucracy* and restrictions that the wealth-creators have to shoulder." No political party appeared to be aware of the inevitable end-point of their policies.

Yet there was no doubt that the economic position of the country could be helped enormously by "an attitude of mind towards, and a framework in which, innovation was properly rewarded." The innovater required special recognition and reward for his efforts.

Sir Hugh proposed that royalty payments and licence fees on inventions, developments and consultancies earned overseas should be free from tax to the organisation or individual to which they accrued—provided they were brought back to Britain. "I believe that this would help significantly to tip the scale in favour of the innovator and make little loss to the Treasury."

He proposed also that the Government should allow the *costs of innovation to be written* off as an operating expense not only in the research and design stages but also the "much more expansive process of marketing the project, of overcoming customer resistance and of tooling-up for production." Far too many good products had failed because of the high costs of introducing them into the market and of providing the inevitably higher after-sales services of a new product.

The proposal that Britain *should seek a technology appro*priate to its political and social aspirations was made by Dr. Jeremy Bray, Labour MP for Motherwell and Wishaw. "There has been little or no work which *asks what is the appropriate* type of industrial development to encourage or create in particular economic and social circumstances and, within that industry, what is the type of technology appropriate to Britain."

Sensible

Although considered sensible questions for developing countries, they were thought too difficult or inappropriate in the "somewhat easier circumstances in Britain except in special cases like the choice of reactor system for electricity generation." He believed that they ought to be pressed in the continuing monitoring and guiding of industrial policies.

He was not making a plea for a return to the simplicities of pastoral life, or an attack on technology, planning or economic growth. He was asking that "we should think more widely and use tools which handle more *adequately those processes of* life and thought and feeling of which we are a part."

More vivid information for the driver about the behaviour of the vehicle in front could reduce the heavy toll of rear-end collisions—23,000 involving moving vehicles alone in 1974—on British roads, particularly at night, claimed Dr. David Lee of the psychology department at Edinburgh University. Dr. Lee, who has been analysing the visual factors which can affect *driving performance,* concluded that the back of vehicles needed to be made "visually richer," so that it could be perceived as clearly at night as in daylight.

He proposed an additional "*imperative" brake light which* would indicate to the driver behind that he must brake—because the vehicle was braking hard, was stopping or was stationary. Normal brake lights gave only a low-key warning that it might be necessary for the *driver behind to brake,* he claimed.

Chemical processes which were catalysed by enzymes—natural catalysts—could become increasingly important industrially because of their low energy *demands, prophesised Professor* C. H. Bamford, head of the department of chemistry at the University of Liverpool.

Attractions

*Prof. Bamford, in his presi*dential address to the chemistry section, on imitating nature's catalysts, said that industry was exploring such catalysts for the manufacture of fructose, a very sweet sugar free from the dietary disadvantages of sucrose (ordinary sugar), and also in cheese-making. The idea of using an enzyme bound into a support in a chemical processing column, which could be used for long periods, had clear attractions, he said.

But such natural catalysts had disadvantages. Separating them often raised problems; they tended to be unstable and easily deactivated by heat. Often they required the presence of a second catalyst which also turned out to be unstable and expensive to prepare.

Prof. Bamford believed that the synthesis of effective enzyme analogues was an important area for chemical research. "It would appear to require the *assembly of appropriate inter*acting groups in a more-or-less rigid framework to make the active site." It would call for the marriage of high-level synthetic organic chemistry and polymer science.

'Too fond of research'

BY DAVID FISHLOCK

BRITAIN as a nation was too preoccupied with research, and paid too little regard to the later stages of development, design and product engineering, Sir Ieuan Maddock, chief scientist at the Department of Industry, told the British Association in Lancaster.

Admitting that he was certain to offend Britain's "large army of researchers," Sir Ieuan listed eight measures he considered essential if the country is to get increased benefit from its past high investment in research and development.

These were to increase capital investment, but in doing so pay particular attention to the technologies Britain was introducing; to equip industry with high-quality "techno-managers" to attend to quality control and improve and expand quality assurance services;

To increase emphasis on detail design and elevate the status of this work to the same level as conceptual design; to be more prepared to learn from other nations; to appreciate the importance of "learning curves" and stop chopping and changing;

To increase awareness of "technological marketing" and ensure that engineers of high calibre were directly involved in the marketing operations; and to temper national dedication to advanced research with realisation that success came from humbler but more vital activities.

Sir Ieuan said that this "pecking order" would surprise many people but he had become increasingly convinced during the past decade that Britain must concern itself far more with applying technology than generating it.

'This vintage socialism'

BY MICHAEL BLANDEN

THE U.K. economy is in a state of "vintage socialism," enabling predictions to be made about the future price structure and its changes by applying a slightly modified labour theory of value, it was argued by Mr. P. N. Mathur, of the University College of Wales, Aberystwyth.

*In his paper he defined social*ism as a situation in which no profit or surplus value, in the Marxian sense, was produced. He pointed out, however, that in the real world changes in the amount of capital employed produce a higher surplus per unit of labour.

Vintage socialism could be associated with a period of years—for example, if the techniques of the year 1954 gave no profit or surplus by the year 1969, the country would be under a system of vintage socialism of 15 years.

The author concluded that in 1969 the socialism was of 15 years' average vintage, but by 1973 this had been reduced to only ten years.

IN BRIEF

Trade union leaders attacked

Trade union leaders are described as "an ugly factional interest" motivated by lust for power and greed in a strongly-worded attack by writer Paul Johnson in to-day's issue of the New Statesman. He condemns compulsory enforcement of the closed shop, saying it is being applied "openly, ruthlessly and with complete disregard to the injustice it inflicts on individuals."

Post Office union

The Post Office has agreed that all recruits in typing, clerical data-processing grades will from October 1 be obliged to join the Civil and Public Services Association. More than 35,000 Post Office staff work in the grades covered by the agreement, which follows a similar closed shop deal with the Union of Post Office Workers.

Day strike at Co-op

The Electrical and Engineering Staff Association has called a one-day strike for next Monday at major branches of the Co-operative Wholesale Society. The union is protesting at the Society's delay in implementing an Environmental Engineering Industry agreement.

Redpath men return

More than 1,000 oil rig workers at the Redpath Dorman Long construction yard at Methil, Fife, returned to work yesterday after a walk out over severence pay arrangements. The men are to be made redundant in February.

Scottish TUC call

The Scottish TUC yesterday demanded that the Government freeze all new British investment in South Africa and called for immediate mandatory sanctions from the United Nations.

Bank union merger

The Lloyds Bank Technical and Services Staff Association is to merge with the National Union of Bank Employees.

APPOINTMENTS

PUBLIC NOTICES

NORWICH CITY COUNCIL

£0.8m. bills issued 1st September 1976 due 1st December 1976 at 10 11/32%. Applications totalled £4m. £0.8m. bills outstanding.

LEGAL NOTICES

No. 002833 of 1976
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of PRIORYCRAFT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 25th day of August 1976, presented to the said Court by the DEPARTMENT OF HEALTH AND SOCIAL SECURITY of State House, High Holborn, London, W.C.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 18th day of October 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his Counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

M. W. M. OSMOND,
State House
High Holborn,
London, W.C.1.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 15th day of October 1976.

No. 002509 of 1976
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of C. & G. FLORENTINE ENTERPRISES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 22nd day of July 1976, presented to the said Court by ZOFFOLI ALFIO S.P.A., Poggio, Berni, Rimini, Italy (a Company incorporated under the laws of Italy), Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, *on the 4th day of October* 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

POLLARDS,
11, Soho Square,
London W1V 5DB.
Solicitors for the Petitioner.

NOTE.—Any person who intends to *appear on the hearing of the said Petition* must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 1st day of October 1976.

PREVENTION OF FRAUD (INVESTMENT) ACT 1958

NOTICE IS HEREBY GIVEN that:
1. Schlesinger Limited (formerly Morris Wigram Limited; formerly, Morris Wigram Rosenthal Limited) of 19, Hanover Square, London, W1A 1DU has relinquished the Principal's licence issued pursuant to Section 3 of the Act, having been declared an exempted dealer under Section 16.
2. Schlesinger Limited has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulations 1944 (S R & O 1944 No. 541) for the release of the £533.10 8½% Treasury Stock 1980/82 deposited in pursuance of Section 4 of the Act.
3. Any persons having a claim on the *funds representing the deposit* should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1, not later than 1st October, 1976.

KLINGER CONTROLS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of The Companies Act 1948, that a meeting of the creditors of the above-named Company will be held at Winchester House, 100, Old Broad Street, London, EC2N 1BE, on the 14th September 1976, at 11.00 a.m. for the purposes mentioned in Sections 294 and 295 of the said Act, i.e.:
i. The nomination of a liquidator.
ii. The appointment of a Committee of Inspection.

Dated this 23rd day of August, 1976.
By Order of the Board,
E. GROSS, Director.

No 002796 of 1976
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of DENVERPLAN LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 20th day of August 1976, presented to the said Court by ESSEX FURNITURE SALES LIMITED whose registered office is situate at 80 Baxter Avenue, Southend on Sea, Essex, a Creditor of the above-named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 11th day of October 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHLEY KALMS, TRAVELL & CO.,
58 London Road,
Southend on Sea,
Essex, SS1 1QQ.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of October 1976.

No. 002507 of 1976
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the matter of M. WRIGHT TRANSPORT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 22nd day of July 1976, presented to the said Court by GEORGE COHEN MACHINERY LIMITED whose Registered Office is situate at 800 Wood Lane, London, W.12, Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, *on the 4th day of October* 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

POLLARDS,
11, Soho Square,
London W1V 5DB.
Solicitors for the Petitioner.

NOTE.—Any person who intends to *appear on the hearing of the said Petition* must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 1st day of October 1976.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RETAILING

Controlling cash and customers

ANNOUNCEMENT by Sperry Univac of enhancement of its point of sale equipment, described generally as the Accu-Scan series, underlines the findings of a recent study of point of sale activities that more people are promoting new devices or new ventures in PoS than are abandoning the area.

Sperry's contribution to this field is a new modular register. This has five separate components—a keyboard which can be laid out to suit any customer, a 32 character full alpha printer, a five character numeric display and an integral cash drawer with five-slot till and combination register stand and control unit.

Optional equipment which goes with the register include an 18-character dot matrix display, remote cash drawer, utility drawer, for the register stand, electronic scale adapters, coin dispenser adapted stamp dispenser and Universal Product Code Scanner (UPC)

One of the most important aspects of the introduction is the improvements made to the scanner which is reported to achieve a high percentage of successful first-time pass decoding of the UPC tags. UPC includes a series of bars and numbers which identify uniquely the product, price and its origins.

More from Sperry Univac on 01-387 0911.

The study of the market, entitled "Electronics at the Checkout," says that despite the problems of Singer (now on *ICL's shoulders*), MSI and Bunker Ramo, would-be participants in this difficult area of electronic data processing do not seem to have had their enthusiasm diminished in any way.

It anticipates further failure because the market "is still overcrowded." But rewards for the successful will be every bit as great as expected, though apparently somewhat longer in coming than first anticipated.

There has been consumer opposition, not surprisingly, in the U.S., to coding on goods that do not display the price of goods in shops equipped with electronic checkouts. This the report selects as the main reason why the market failed to develop in the way enthusiasts were predicting some years ago. It was anticipated in America that by the beginning of this year there would be several thousand PoS systems installed across the country. In reality there are only 40 major systems there.

In spite of these setbacks, checkouts of this type are being accepted in supermarkets both in Europe and the U.S. But, for the time being, the report says only the largest superstores will be able to afford the most sophisticated types of equipment. Below that level, many stores will be installing mini-computer-based checkouts in which prices are entered via a keyboard rather than all details being captured by a laser scanner or a magnetic reading head. And goods will be price-labelled.

Like the sophisticated systems, the mini-based units provide a wealth of detail for management such as labour and cash-control reports, identification of the fastest selling items, etc.

While it underlines the difficulties that have slowed down rapid growth, the report says that the technical problems are behind the industry and that sales of keyboard entry systems to supermarkets in Europe should be running at close on £50m. a year by 1980.

Further details from Sheila Brown, Post-News, Stoke-sub-Hamdon, Somerset TA14 6BR. 093-588 245.

● ALUMINIUM CASTING

Typical examples of the high-strength aluminium investment castings of complicated shape which Deritend Aluminium Castings is now producing at its *Heath Mill Lane, Birmingham*, works. The company says it has exploited non-ferrous technology and its own experience in investment casting and is now able to provide one-piece components for the electronic and other industries. Size of castings can be up to 500 by 500 by 750 mm and components can be produced in alloys intended to withstand very high or low temperatures.

Alloys shaped to order

INVESTMENT cast components in aluminium alloys are being offered in Britain and Europe by a new company—Altrincham Investment Castings (Aluminium)—set up by P.I. Castings (Altrincham) which has a 25-year tradition of investment cast precision components in steel.

The group has a know-how agreement with Hemet Casting Company of California, suppliers to the U.S. aerospace and electronics industries.

Alcal, as the company is calling itself for short, will set up production lines over the next few months and already is supplying high integrity castings against local orders. Back-up is provided by Altrincham Laboratories with a quality control service.

P.I. Castings is on Altrincham 061 928 5811.

● POWER

Inverters in many sizes

PUT on the market by Anton Piller, of Cirencester, are some 40 sizes (10 to 250 kVA) of static inverter to a design which is able to maintain output frequency and voltage to highly accurate levels.

Heart of the "Cyberex" system is a power amplifier which produces an accurately controlled high frequency waveform. *This "carrier" frequency* is modulated by an accurate, adjustable low frequency standard. Voltage regulation and current limiting circuits control the modulation amplitude of this waveform before it is passed through filters to remove the high frequency content.

This somewhat complex technique results, states the company, in an efficiency exceeding 80 per cent., an output frequency (50 or 60 Hz) maintained to within ±1 per cent. from zero to full load, and transient response such that a zero to full load step causes no more than 10 per cent. change of output voltage for half a cycle. Harmonic content is less than 5 per cent.

Other features include full protection against short circuits and an optional ability to synchronise the output with an AC reference signal. More on 0285 61377.

● INSTRUMENTS

Checks for damp in insulation

THE solid insulation elements in a big power transformer are usually cellulose based and capable of absorbing water from the transformer oil in which they are immersed, with resultant breakdown risks.

Because the solid elements are clearly not directly accessible, Foster Transformers has designed an instrument that will measure the oil's water content with a view to assessing the state of dryness of the cellulose solids.

Water vapour passes from a sample of oil through a membrane to an enclosed circuit of small volume in which a partial pressure of water vapour is established equal to that in the oil sample. The airborne vapour *in the circuit is pumped over* a thermo-electrically cooled mirror which is photo-electrically controlled at the dewpoint temperature. The mirror temperature is monitored and displayed on a meter as actual and saturated water vapour pressure and dew-point.

At normal ambient temperatures the instrument will measure to 0.4 of a milliatmo*sphere of water vapour pressure*: in new electrical oil this corresponds to about one ppm. *Running from the mains, the unit* measures 14 x 13 x 12 inches and weighs 30 lbs. More on 01-542 2211.

● COMPONENTS

Pipe clip has no worm screw

A HOSE or pipe clip, which provides up to three times the customary diameter adjustment for each size of clip, a tightening efficiency stated to be about double that of a conventional worm-drive clip, and which can often be fitted as an open strap without the need to separate a coupling, has been launched by Newman Industrial Controls, Upper Mills Industrial Estate, Stonehouse, Glos. (045382 3771).

Only six sizes of the clip need to be stocked to span the diameter range covered by the typical 19 sizes in the worm-screw type.

Called Nexus, the clip consists of a notched stainless steel strap which is formed by hand to the diameter required and inserted into a cadmium-plated screw tensioning device. Coarse adjustment is made by the notches and final tightening is by a spanner or screwdriver when the correct notch has been engaged.

Six standard sizes cover pipe *diameters from ½ to 6 inches, but* the design principle enables clips to be made to cater for almost any larger diameter.

● HANDLING

Simplifies pallet movement

FOR STUFFING 40 foot containers or moving pallets on or off large lorries and trailers, a pallet conveyor system has been developed by Hydraroll, 4, Calthorpe Road, Birmingham, B15 1RH (021-454 7996).

Each conveyor track has within it a rubber air bag, under a channel which supports rollers. This is all contained in a further pair of channels—the top one is inverted and has slots through which the rollers rise when the air bag is inflated. The system is operated from the vehicle's own air supply, at 40 psi.

The rollers are situated at about 6 inch intervals and when pushed above the surface of the static track by the inflated air bag any width of pallet can be accommodated, carrying loads up to 2 tons.

When the rollers are elevated it is claimed that pallets can be moved easily in either direction by one person. There are safety catches to hold individual pallets if the vehicle is loading or discharging on uneven ground. Track design is modular and is based on either a 48 inch or 1 metre long pallet.

Fork lift has compact controls

FOURTH MODEL in the "RC" stand-up fork lift range has a capacity of 3500 lb at 24 inch load centre and a maximum lift height of 226 inches.

Introduced by Crown Controls Armadale Road, Feltham, Middlesex, TW14 0LR (01-890 0191), the truck has independent front-wheel drive units powered by a 36V battery, and is provided with power steering. It is possible to carry out 90 degree stacking of 40 inch pallets in a 9 feet aisle.

To regulate all normal operations except steering, Crown is using what is claimed to be a new approach—a single multiple function control handle. This is shaped to conform to the hand and a combination of buttons in the grip plus an actuator incorporated into electric and hydraulic circuits permits one-handed control.

Steering is by a separate lever operated by the left hand. The maker says that with this control set-up, fatigue is reduced and the operator can change *functions* without taking his eyes off the load.

Another unusual feature is a powered retractable overhead guard. When the guard is lowered the truck can enter containers and railway wagons. A limit switch prevents the mast from being raised above 71 inches with the guard retracted.

For stacking in confined spaces the truck is available with a sideshift.

COMPANY NOTICES

MINERALS AND RESOURCES CORPORATION LIMITED
(Incorporated in Bermuda)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER.
PAYMENT OF COUPON No. 82.

With reference to the notice of declaration of dividend advertised in the Press on 31st August 1976, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 2 cents was declared in United States currency. The dividend on bearer shares will be paid on or after 15th October 1976 against surrender of coupon No. 82 detached from share warrants to bearer as under:—

(a) at the office of the following continental paying agent by residents of the country concerned for payment in the local currency against receipt by the continental paying agent from the company of the requisite U.S. currency.
Credit du Nord et Union Parisienne, 6 and 8, Boulevard Haussmann, Paris, 9e.

(b) at the London Bearer Reception Office of Charter Consolidated Limited, 40, Holborn Viaduct, London EC1P 1AJ. Persons lodging coupons at the London Bearer Reception Office prior to 1st October, 1976 will be paid the United Kingdom currency equivalent of the U.S. dollar currency value of their dividend on 5th October, 1976. In the case of coupons lodged at the London Bearer Reception Office on or after 1st October 1976 the dividend will be remitted to the London Bearer Reception Office at the then prevailing rate of exchange and the U.K. currency proceeds arising therefrom will be paid to the depositor concerned.
N.B.—Coupons detached from share warrants to bearer in the name of Rhodesian Anglo American Limited or Zambian Anglo American Limited will not be accepted for payment. New share warrants to bearer, talons and coupons in the name of Minerals and Resources Corporation Limited are available for issue in accordance with the notice dated 23rd December, 1974.

A depositor may elect to be paid in United States currency in which case he must comply with any applicable Exchange Control regulations.

Coupons must be left for at least four clear days (eight days if payment in United States currency has been requested) for examination and may be presented any weekday [illegible]

[illegible]

London Office:
40, Holborn Viaduct,
EC1P 1AJ.
2nd September, 1976.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
[illegible]

IMPERIAL GROUP LIMITED
[illegible]

BRASCAN LIMITED
(Incorporated under the laws of Canada)

NOTICE IS HEREBY GIVEN that the Board of Directors of this Company has declared a quarterly dividend of twenty-five (25) cents per share (in United States funds) on the Company's Class A convertible ordinary shares without nominal or par value, payable on October 29 1976 [illegible]

[illegible]

FIRST UNION GENERAL INVESTMENT TRUST LIMITED
[illegible]

FINANCIAL TIMES SURVEY
Friday September 3 1976

Reinsurance

The 20th International Insurance and Reinsurance Congress is being held next week at Monte Carlo from Monday, September 6 until Saturday, September 11.

One of the most highly specialised sectors of the industry, reinsurance has suffered along with the others from the problems of inflation, currency fluctuations and increased competition. But its special expertise remains a source of inherent strength.

Age of the big risk

By Eric Short

THE INSURANCE industry is now in the era of the big risk. The largest North Sea oil rig costs $450m. and the largest supertankers are worth $150m. A jumbo jet is insured for $37m. and a petrochemical complex for over £100m. Perhaps big is not the most adequate *word to describe the size of risk* now being insured.

Such values are causing the insurance industry to reassess its methods of operation, in particular in the way in which the risk is spread. Co-insurance is growing whereby the risk is underwritten by a larger number of insurers—companies or Lloyd's syndicates—each taking a smaller percentage of the risk than hitherto. But even more rapid is the growth of the reinsurance sector as the need to spread the risk increases.

It is now the fastest growth sector of the insurance industry in the U.K. taking into account the whole business world-wide. Over 50 per cent. of the business transacted at Lloyd's is now reinsurance.

Reinsurance is as old as the insurance industry itself. The basic principle of insurance is that of spreading risks so that if disaster occurs, bankruptcy does not result. This applies with even more force to insurers than to individuals. The solvency of the insurer is paramount and the controlling authorities in all countries monitor solvency very closely.

The reinsurance industry in the U.K. is composed of the specialist reinsurance branches of the direct insurers, the specialist reinsurance companies which deal exclusively *with* reinsurance business and the reinsurance agencies. The specialist reinsurance companies in the U.K. are now exclusively either subsidiaries or branches of large insurance companies both U.K. and overseas, while the reinsurance agencies act as principals for several smaller insurance companies both U.K. and overseas.

How should an insurer spread his risks? The best solution is to do so on a world-wide basis pro*viding both* a *geographical and* a currency spread. The need to go beyond national boundaries for reinsurance was highlighted by the series of natural disasters which hit Australia in 1974. Such was the extent of the damage that had all the risks been reinsured within the country, it *is doubtful whether the Austra*lian insurance industry could have survived. In reinsurance the spreading of risks means exactly that.

Capacity

The growth *of the big risk is* forcing insurers to look to the world markets for their reinsurance for another prime reason—lack of capacity. No one single market can provide enough capacity under current conditions to absorb the size of the risk being placed. A disaster to a large oil rig would severely shake a market as developed as that in the U.K. if it tried to take it all on its books.

Thus the prime requisite of a successful reinsurance industry is a strong stable currency so that risks from all countries can be taken on commercial terms. The past strength of sterling over the centuries played a dominant role in the development of London as a major world reinsurance centre as well as a world insurance centre.

The weakness of sterling over the past two years has had severe repercussions on the industry. These are dealt with in more detail in a separate article since the subject is ex*tremely important. But what is* happening is that a contract which is profitable in terms of the local currency can turn out to be a loss maker in sterling terms. The large reinsurers are turning more to keeping the premiums invested locally to reduce the risk *of* currency depreciation. The agencies, however, have to remit premiums back to the U.K. and subsequently transmit sufficient sterling back to the country to pay the claims.

The other factor having severe repercussions on the industry is rampant inflation. This has the effect of causing rapid rises in the monetary value of the risks and consequently causing a rapid increase in the premium income, without a corresponding increase in the asset base. At last week's meeting to announce the results of Lloyd's for 1973, it was revealed that non-marine syndicates were turning away business because of lack of capacity.

This has come at a most inopportune time when business is steadily coming back from North America, business which was lost a few years ago with the rate-cutting war by certain North American insurers. The U.K. insurers and reinsurers at *the time refused to quote un*realistic rates even to keep the business. Now they are securing an increasing share of the North American market, but growth is being held back by lack of capacity.

The insurance companies have been taking steps to expand their asset base. Last year, there was a spate of rights issues by most companies and capital injections from parent companies to subsidiaries. Recently Norwich Union announced a link-up for its overseas general business with Swiss Winterthur and Chiyoda of Japan to form an insurance company large enough to accept the current large direct insurance and reinsurance risk. Lloyd's will have to soon deal with the problems of raising sufficient fresh capital quickly if it is to cope with the demand being placed on it for insurance and reinsurance.

But insurers need to generate *more asset growth from internal* sources as well as raise fresh capital. This means that underwriting must be done on profitable terms so that the investment income generated from the premiums can be ploughed back into reserves and hence expand the capital base. The days are ending when insurers took on business on inferior terms simply to generate cash *flow and relied on investment* income to cover underwriting deficits. The industry must concentrate on insurance rather than on investment.

In this respect, the continuing high level of short-term interest rates prevailing throughout the world has been a material boom to insurers and reinsurers in what has otherwise been a very adverse climate. These high levels do provide insurers with the opportunity to increase their investment income and hence expand reserves more rapidly than before. The recovery in the values *on* equity markets throughout the world has helped to ease the pressure on solvency margins. The collapse in 1974 has however brought home the dangers of short term investors, as reinsurers must be, having too high a proportion of long-term equity type investments.

The development of local insurance industries in the emerging countries, fostered by the intense nationalistic feelings within those countries, must boost the U.K. reinsurance industry, though it poses a threat to direct business. The economies of these countries in general are not yet sufficiently broad enough to support insurance operations that could withstand payment of a number of large claims. They have of necessity to reinsure a large part of the risks in their portfolios and it is natural that a lot of this reinsurance will come to London.

There is now developing a link-up between U.K. insurance interests—company and broker—with local insurance operations, with the U.K. side playing an important role in the running of the local company. Not only does the U.K. side have ready access to the world reinsurance markets, but they are becoming increasingly involved in the training of local personnel. Insurance expertise and tradition cannot be acquired overnight or even in a few short years.

The entry of the U.K. into the European Economic Community opened up a whole new insurance area to the world. It is resulting in a rapid acceleration of the establishment in the U.K. by overseas insurers, particularly American, of branches of subsidiaries.

Penetrate

The aim is to use London, with its easy access to the rest of the EEC, as the base of operations to penetrate the European market. This is more likely to bring reinsurance rather than direct business considering the set-up of the European insurance market. There could be many more overseas companies following the moves of those already established, using the facilities provided by London as a world reinsurance centre and posing a competitive threat to the U.K. reinsurers. A separate article in this survey examines in detail the latest moves in this direction.

Nevertheless, there is plenty of business, for everyone in the U.K. insurance industry can look forward to expanding business in the reinsurance field—a sector that provides a considerable portion of the invisible earnings of the industry. This growth is being greatly facilitated by the worldwide service provided by the U.K. specialist reinsurance brokers, an integral part of the reinsurance sector.

REINSURANCE II

London increases its hold

IF ANYTHING, London is increasing its slice of the world's reinsurance market. In part this has been helped by the tightening of IDOT regulations regarding insurance companies after the collapse of Vehicle and General. The law has now become so demanding for branch offices of overseas operators that it has encouraged some external groups such as Swiss Reinsurance to set up subsidiary reinsurance groups in the U.K. In this way business handled at the London end of these overseas groups has become part of the domestic market rather than attributable to external sources.

In addition, most of the large insurance groups have moved into the reinsurance market with their own subsidiary companies, and the size of the London market is expanding, but perhaps not fast enough. Still, even though London maintains a unique position it is not blind to the competition from outside and the problems that beset the insurance market as a whole.

Inflation has become a worldwide problem for the insurance industry, and likewise for reinsurers. In theory, inflation is something that the market can cope with. Index clauses can be built into policies, and premiums can be pitched in the expectancy of various inflation rates. The problem arises from the need for the asset base to keep in line with premium income.

Technical development as well as inflation has led to a concentration of values, such as oil rigs and container ships, which is facing the market with larger and more concentrated units of exposure. Therefore the market is developing a generally more hazardous portfolio, but this is a problem for the international market rather than just for London.

Likewise the economic recession has also created its problems, with a lack of business in certain areas of underwriting. This is particularly noticeable in marine and aviation insurance, but industry as a whole is often reluctant to increase insurance and pay higher premiums when profits are under pressure, no matter what good advice brokers offer.

Pound

One particular problem for London has been the gradual devaluation of the pound. This has obviously meant that London insurers are having to fork up more sterling to meet claims in stronger currencies, and losses are developing on business conducted when the pound looked in a healthier state. There is not much that the U.K. market can do to alleviate this problem. It could increase its premiums to compensate for the possibility of continued currency weakness, but such a move would be limited by the need to remain competitive. If the Bank allowed insurance companies to hold part of their premiums in original currency this would help, but as the regulations stand at present the broker converts into sterling, apart from business in U.S. and Canadian dollars.

These general problems apart, London has some more particular ones to face. In the non-marine market capacity has become a problem, and the London market is losing business to overseas. This was highlighted last month by Lloyd's when it reported its 1973 underwriting results. The chairman of Lloyd's Underwriters Non-Marine Associated said that London is turning away business because of a shortage of capacity, meaning that the Lloyd's syndicates did not have sufficient asset backing to accept all the non-marine business they were being offered.

So London is losing some reinsurance because of a capacity problem and brokers are placing business overseas for expediency rather than any lack of competitive U.K. rates. Also London is losing some business to overseas reinsurance markets because the devaluation of sterling has just made it unprofitable to underwrite.

Thirdly, U.K. based reinsurance companies are facing increasing competition from professional reinsurers such as the Swiss Re-insurance and Munich Reinsurance, which between them probably comprise the greatest threat to the U.K. market. Representatives from reinsurance groups like these contact the client direct without dealing through a broker. This approach is preferred by some clients because the disclosure of information goes straight from him to the reinsurer. Through the London "system" information supplied by the client passes through the hands of a broker before going into the market. It is often a case of the man who goes to the prospective client first is the one who gets the business. However while there is a certain amount of loss to the professional reinsurance group there is a lot of business which is totally broker dominated.

The broker network is one of the invaluable features of the London market, and of paramount importance for Lloyd's syndicates who do not deal direct with the public. The reinsurance broker has probably been growing in number over the past few years and apart from independent brokers, the big insurance broking groups have set-up their own reinsurance departments which are growing more independent of the head groups.

Gaining

So though it could have been stated that in the 1960s there was a certain amount of loss of business in the reinsurance market to foreign competition, the specialised reinsurance broker is gaining ground, with a better service and his ability to spread the risk.

Not even a financial centre of the size that the Swiss can boast can lay claim really to compete with London in the insurance and reinsurance field, because of our unique financial machinery. In London it is possible to get numerous quotes and thus gain a very wide underwriting opinion on any risk via the broking network.

Terry Garrett

Primary role of Lloyd's

BECAUSE OF the very wide variety of reinsurance contracts written at Lloyd's, seldom is there a really serious insured loss anywhere in the world without the Lloyd's market being involved one way or another. Sometimes the *involvement* of underwriters is greater than they would have liked, because of a substantial accumulation of risk under reinsurances of a number of direct writing companies.

Underwriters at Lloyd's represent what is probably the largest single reinsurance market in the world, and the proportion of reinsurance business at Lloyd's is growing. This is not so much the result of any deliberate action on the part of underwriters, but is chiefly due to the growth of "nationalism," which makes it more difficult for certain types of direct business to be written in the London market.

Many underwriters at Lloyd's feel that they should help local markets to develop and gain expertise. At Lloyd's, and in the London reinsurance market as a whole, there is desire for smaller shares of a much larger cake.

As yet, quite a number of comparatively new reinsurance markets are still in the development stage, and need guidance. In many cases this guidance is given by reinsuring underwriters at Lloyd's and in the company market. They may be consulted when the direct writing company is first shown the risk and, given full details, experts in London may suggest the rate which should be quoted. The risk may then be written at this rate by the local company—with substantial reinsurance coming to London.

On occasions it is not only comparatively new and inexperienced insurers which look to Lloyd's and the London market for this type of guidance. Quite often, when a major risk has to be insured, it is recognised that for prestige reasons it will be written in the domestic market. But this market will need reinsurance facilities, and is thus almost certain to discuss the whole question of rating with London underwriters. In situations of that type, while the business comes to London as reinsurance, probably it is the "London rate" of premium which has been charged.

Limits

As is well known, the method adopted at Lloyd's for maintaining security is to impose premium income limits on individual members, according to the deposits which they have put up, and their overall wealth. Inflation has had the effect of putting up insured values, liability limits, etc., which in turn has resulted in higher premiums. Also, because of poor experience, some classes of business have attracted higher premiums on merit.

Fortunately, membership is rising. In 1975, for instance, 1,005 new members were elected, an all-time record. This year applications for underwriting membership have been running at about double the level in 1975. Besides this, additional deposits put up by existing members have enabled them to have a higher premium income written on their behalf. Earlier in the year, the chairman of Lloyd's reported that during the preceding 12 months these additional deposits had increased the capacity of the market by £31m.

At the beginning of this year further help was given to the capacity problem when the Committee of Lloyd's made various changes in outward reinsurance limits for audit purposes. The subject has been under further review this year, but the committee has made it quite clear that any necessity for increased capacity will never be allowed to

CONTINUED ON NEXT PAGE

REINSURANCE III

Era of unstable values

IT TOOK nearly 20 years up to 1970 for the cost of living in Britain to double. But it has taken less than six years to double again since then. Anyone who switched dollars into sterling early in 1974 and sought to change them back again at current rates would find he had lost over a fifth of his dollar holdings. The loss on similar transactions in Swiss francs would be more than 40 per cent.

Until the last few years inflation could be treated as a niggling nuisance, and major currency realignments as rare phenoma separated by years of stability. The insurance industry could still afford to plan its policies on the basis of stable money. That has now entirely changed. Inflation adjustments of one sort or another are now built into many insurance contracts, and international insurers—among whom the reinsurers form a prominent section—have to make the probability of currency fluctuations one of their starting points.

The insurer can never, however, achieve complete protection against monetary instability. He can guess at the likely rate of inflation in a particular country, and can try to obtain premium rates which would protect him against loss. But he cannot be sure that his estimates will prove correct, and he cannot guard against the probability that other less-prudent insurers will undercut him. The risks are particularly great for long tail business. In liability cases, claims may not be settled for many years.

An insurer who accepts a premium for a risk in a particular currency, moreover, and then converts his premium income into another currency, is taking on a new risk—that of currency parity changes. When he comes to pay out a claim in a year or five years he is likely to find the exchange rate has moved. In principle he may, of course, make either a profit or a loss—it is simply one more uncertainty. But the practice for British insurers has been worse than this, for the almost uninterrupted decline of sterling has meant losses in terms of almost every other major currency in which business *is commonly* transacted.

For reinsurers, traditional excess of loss business gave them a particularly dangerous exposure to inflation, for it meant that on large claims all the burden of inflation was borne by the reinsurer. The insurer's maximum liability was limited by the fixed cut-off point. The answer has been to introduce a so-called stability clause. This provides for a moving excess point, linked usually to a wages index where a satisfactory one is available. The effect is to equalise the impact of inflation between insurer and reinsurer.

Attempts have also been made to introduce sliding scales of *reinsurance premiums* according to the level of claims. Minimum and maximum premiums are fixed, but variation is allowed for within a certain range. This is not always a satisfactory arrangement, however, and it has met with a mixed reception.

Insurers cannot hope to allow for inflation on very long-term *risks. There could be an insur*mountable problem, for instance if the Royal Commission now sitting on the assessment of damages come up with a recommendation that the courts should award compensation in the form of inflation-proofed annuities. Insurance companies can cope with annuities, and even with annuities containing a built-in growth element. But *long-term inflation-proofed risks* are not insurable in the absence of index-linked securities in which insurers can make matching investments.

Controls

When it comes to currency business the aim is to match as far as possible assets and liabilities in various currencies. But this is often rendered difficult or impossible by the exchange control regulations of different countries—not least those of the U.K. The action of Belgium in proposing new rules for the maintenance of local reserves — and imposing restrictions on the investment of such funds—is the latest such move to create a stir in the international reinsurance *industry*.

As Mr. H. K. Goschen, chairman of Mercantile and General Reinsurance, put it in his recent annual statement: "Unfortunately our efforts are hampered by exchange control regulations in some countries which, designed to prevent misuse of foreign currencies, also affect reinsurance."

*The difference between cur*rency speculation and prudent currency management is really a question of who does it rather than what is done. But reinsurers can legitimately argue that currency transactions are secondary to their fundamental business.

The really tricky situations can occur when reinsurers de*liberately* depart from the matching principle. There are several reasons why they may wish to do this. When they are are at risk to some catastrophe — like an earthquake in Japan, for example—it might be imprudent to hold assets locally where they could be vulnerable to the same disaster. And to run too many different currency accounts, dividing the business up into a large *number of* separate units, would make it necessary to increase the overall level of reserves. Insurance is concerned, after all, with the pooling of risks so that they can be more easily absorbed.

Reinsurance is an area in which the City of London has a traditional expertise, with a market ranging from large companies and Lloyd's — backed by powerful firms of brokers — to small companies often represented by specialist agents, which pool business. Currency problems may affect these different sections of the market rather differently.

The big companies, for instance, will usually have subsidiaries or at least offices in the big overseas markets. They are bound by Bank of England regulations which provide that any balance of assets over liabilities must be repatriated almost at once and converted into sterling. But they do have a certain amount of flexibility over how they value their liabilities in foreign countries.

So long as they do not appear to be manipulating their liabilities for short term advantage they may not find it too difficult to secure a reasonable currency spread.

Lloyd's syndicates, too, have permission to account in a number of currencies—Lloyd's, after all, holds big dollar balances. The smaller companies, however, stand at something of a disadvantage. *Although they may be entitled* to run a dollar book, receipts in all other foreign currencies may well have to be converted within seven days into sterling.

In the past year this has of course led to considerable difficulties, with the pound declining in value by something like a fifth against other currencies on average. There is a tendency for premium levels to rise in compensation, after some poor underwriting results, but underwriting accounts often stretch over several years and the process of adjustment is fairly slow.

Management

One important consequence is that a new emphasis has been placed upon the management of investments—largely premiums—as a means of offsetting some of the currency damage. Interest rates in weak currency countries (like the U.K.) naturally tend to be higher than in strong currency nations (the extreme case being Switzerland).

Interest rate differentials do not usually, however, fully compensate for currency fluctuations. And as a general rule inflation has made capital markets more volatile and risky to deal in. So although insurance companies have needed to pursue a more aggressive investment policy in seeking the best return they can on their funds, paradoxically they have been forced to turn to more defensive areas like the money markets and—where this is appropriate for longer tail business—the short-term bond markets. Only the very large general funds still dare to dabble in equities.

Barry Riley

Lloyd's

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affect the security behind a Lloyd's policy.

Traditionally, much reinsurance on a world-wide basis has been arranged so that one reinsurer takes a proportion of the business written by an insurer and, as reciprocity, cedes to the insurer part of its own business. While this form of reinsurance is written at Lloyd's the market has made its name in the reinsurance market for writing "catastrophe" reinsurance of different types. Thus there is much more inward reinsurance to the London market than there is outward.

Underwriters at Lloyd's see the great advantage of different types of excess of loss reinsurance lying in the fact that they can quote whatever premium they consider to be correct for the actual risk they are writing, without being bound by the premium rate at which the original business was written. In this way Lloyd's underwriters are using their own judgment, rather than having to accept the rating of another insurer.

One of the features of any form of "catastrophe" reinsurance is that claims experience will be far from level over the years. Essentially, this is intended to even out the peaks and troughs of experience for the direct writer. Thus there may be some very good years, followed by an absolutely disastrous year resulting from hurricanes, earthquakes, etc.

A problem for underwriters at Lloyd's is that there is no means of building up a reserve within the funds of individual syndicates to meet this type of loss. At the end of each three-year accounting period, after making provision for outstanding claims, the profit must be distributed to the individual members. Thus when there is a bad year, individual members may be hit quite hard, because the syndicate has not been able to build up its own reserves unless "stop loss" reinsurance has been arranged.

Most syndicates at Lloyd's, when closing the account for an underwriting year, reinsure it in the last account still open, although some syndicates miss a year and reinsure in the year of account which is still in its second year. The premium paid from the account which is being closed counts as a claim in that account, and as normal premium in the account which takes over the liabilities for the closed account.

Recoveries

There have been substantial recoveries in connection with the sale of the cargoes which were in the vessels trapped in the Suez Canal. Because of the size of the losses, in many cases it is the excess of loss insurers who stand to gain most from these recoveries rather than the direct insurers. These recoveries are being credited by individual syndicates to the open year of account which is responsible for the underwriting year of account which, in the first place, settled the claim.

Although the Lloyd's market is looked upon primarily as a market for inward reinsurance, underwriters adopt a very flexible attitude towards outward reinsurance, with the result that in many cases not only can they protect themselves, but also may be able to make marginal increases in profitability.

Currently some marine and aviation premium rates are considered to be very low. Some underwriters are continuing to write the business so as to ensure continuity when premium rates rise. But where possible they are reinsuring quite a substantial part of their original line, so as to try to minimise the loss which, they feel, is likely to result in due course.

Quite apart from the reinsurance arrangements made on a syndicate basis, some underwriting members are choosing to reinsure their own account. Normally such reinsurance is arranged on an excess of loss basis. This means that, over a specified level of personal loss, the individual member has *protection for a specific sum.* This can be a useful form of protection for, say, a new underwriting member who wants to avoid the possibility of starting his underwriting career with a large loss. Naturally, premiums for this form of personal insurance depend not only on the amount of cover provided, and the excess, but also on the syndicate of which the reinsured individual is a member, and the general outlook for underwriting.

John Gaselee

New life funds cover

OVER THE PAST decade, the savings aspects of life assurance have been brought very much to the attention of the investing public to the exclusion of everything else. Certainly the protection aspects have been kept very much in the background. The promotion literature has drawn attention, often in large print, to the returns available on contracts, dealing with the death cover in small print as a fringe benefit. Yet under regular premium policies, it is the death cover which enables investors to claim tax relief on the premiums. Without that relief life assurance would lose much of its attraction as a savings media.

Strain

Similarly, as far as the life companies themselves are concerned, an early death on a regular savings contract puts a mortality strain on the life fund. Hence the need for life companies to keep the death risk to a level within its asset base by re-assuring part of that risk with a reinsurance company that has a life department handling life risks.

The general procedure is to fix a retention limit applicable to each policy and to re-assure *the risk above that limit.* This in effect cuts off the high tail risks on a policy basis, the alternative of fixing an overall limit to the death risk from all business and re-assuring the excess does not appear to be used. The theory of this approach is that the life com*pany can accept the death risk* on a large number of small policies much better than it can on a small number of large contracts—the risks are better spread in the former case.

There are two ways in which the excess risk can be re-assured. Under the first, the life company simply effects a policy with the re-assurer for the balance of the sum assured above the retention limit under the same terms as in the original contract. This is known as the original premium method. For example, if the policy is for £100,000 and the retention limit is £75,000, a policy is taken out for a sum assured of £25,000 at one-quarter of the original premium. If it is a with-profits contract then the bonus rate of the original life company is paid on the re-assured portion.

Under this method the life company not only re-assures the death risk, but the investment *and expenses risk as well.* It provides complete protection, but it also means that the life company has lost a large source of profit. As far as the re-assurer is concerned it means that he has to match the terms of the life company, which may be very generous and in the case of with-profits contracts the re-assurer has to improve on the investment performance of the life company.

The other method is known as the *risk premium method and* it simply reassures the death risk. This decreases year by year as the policy reserve rises, so each year the life company effects sufficient cover for that year to meet the excess risk. Under this method the life company does not reassure investment profits, but the premium charges by the re-assurer will include a margin for profits for its shareholders. Original premium reassurance is often done on bilateral arrangements between life companies as well as by the specialist reassurers, while risk premium is usually done by the reassurers.

The *size* of the retention obviously depends ultimately on the size of the life fund. The smaller funds need a lower retention limit. Yet surprisingly the biggest life funds seem to have a comparatively low limit compared with the size of funds, either the underwriters are hedging their bets or the habits of the company acquired when the fund was much smaller remain with the managers to the present day.

With new life companies, reassurance is essential if they do not wish to go out on a limb over regular premium business. Some of the larger unit-linked companies started by concentrating on single premium business, which has a negligible death risk and then turned to regular premium business when the life fund had grown to a decent size. Other companies which started during the boom period of a few years ago, when one new company a month was the norm, relied on regular premium business for stability and got considerable help from the reassurance companies.

This took the form not only of reassuring the death risk but of capitalising the future expense income. The object was to relieve the new companies of the new business strain which can exceed the available capital if new business is greater than anticipated. The life companies accepted the business on indemnity terms—that is, they paid the full initial commission to brokers and agents at the outset on the understanding that if the policy is lapsed, the balance of the commission is repaid.

The life company then reassured a proportion of all its business—often 50 per cent.—the reassurance company paying commission for its share at a much higher rate than the life company had paid the brokers. For instance, if the life company had paid £2.50 per cent., the reassurer would pay something like £4.50 per cent. Since commission is the main new business expense, the reassurer was lifting most of the burden from the life company. The logic of offering such high terms was that the reassurer was not involved in any other expense and was getting a slice of the action on competitive terms.

Dangers

But there are dangers in this type of business, as some reassurers have found out the hard way over Fidelity Life. Reassurers operated this system on the understanding that in the event of a lapse they would be refunded the balance of commission. Thus under the new valuation regulations the actuary has to allow for this refund as an outstanding liability, but cannot really offset it against recouping commission from the broker. This can result in the life company being declared technically insolvent as far as the valuation is concerned.

The reassurance companies are now varying the terms of *business so that they forfeit* any refund of commission on lapse. This means that the actuary does not need to set up a specific reserve on every policy. The reassurer can adjust the amount of commission paid to allow for the expected number of future lapses.

Such a course of action meant that new life companies could be established on very small capital bases and still remain solvent. Whether this is a prudent course of action is questionable. It does mean that in effect the reassurer is paying out a lump sum to the life company to cover new business expenses in return for a share of charges from the fund in future years. This does not appear to be reassurance in the accepted sense of the word. It is very much akin to putting up risk capital and in the case of Fidelity Life, the reassurers' stake in the company is being treated as such in the rescue scheme rather than as a trade creditor.

If reassurers had wanted to enter the direct unit-linked life business, it now seems, with the benefit of hindsight, that it would have been better for them if they had put up equity capital direct. Then they would have had a say in the running of the company.

Eric Short

Brokers provide strong links

THE NEED for specialist intermediaries in the arrangement of direct insurance cover is readily understandable by the layman. After all, people desiring insurance cover are not usually insurance men themselves and the need for professional guidance is paramount if the correct insurance is to be obtained at the right price. The role of the broker in direct insurance is accepted as natural.

With reinsurance, however, the situation on the surface appears to be quite different. It is the insurance professional who is seeking reinsurance from the reinsurance professional. Why does he need the services of an intermediary? It appears as incongruous as the manager of a life company seeking the services of a life assurance broker to arrange personal life cover—at least so far as the layman is concerned.

But the situation on the surface does not convey a complete or even an adequate picture of an industry within an industry operating on a world-wide basis. To appreciate the role of the specialist reinsurance broker is to understand the workings of a very complex reinsurance set-up and the interaction between the various world insurance centres. Hence an insurer-to-reinsurer operation, although it does frequently happen, would not necessarily be the most efficient method of transacting reinsurance.

Reinsurance is transacted under two main headings — facultative and treaty. Under facultative reinsurance, the amount required to be reinsured is dealt with on a contract-by-contract basis. It is essentially a one-off operation, each new contract being negotiated on individual terms pertaining to that contract. This is a suitable method for the big risk type of contracts and is often done on an insurer-to-reinsurer basis.

But it is not an efficient method for the general run of insurance business and here the method used is that of treaty. This is in effect a wholesale arrangement whereby the insurer protects his whole portfolio on an overall basis. This involves making an arrangement — the treaty — with the reinsurers whereby reinsurance is provided automatically on terms that are agreed beforehand.

Setting

Here the reinsurance broker has a vital role to play in setting up the treaty and arranging the terms. The broker will know the reinsurance market much more intimately than an insurer could hope to unless he was prepared to devote most of his time acquiring a grasp. It requires a specialist approach and the reinsurance broker can provide that speciality.

The broker would not only negotiate the terms of the treaty, however, as regards premium rates; he would also advise on the retention levels for the insurer. These terms will involve ensuring that they are at the level to provide an adequate solvency margin for the insurer consistent with his asset base. The balance sheet requirements of the insurer are paramount in this respect. The reinsurance broker has the expertise in providing the advice necessary on all treaty aspects.

Then reinsurance is even more world-wide in its operations than insurance. A domestic risk may be placed in its entirety in the local insurance market, though this is becoming more difficult in times of pressure on capacity. But it is doubtful whether the domestic market could absorb a high proportion of that risk when reinsured. The spread of risks and the capacity requirements result in reinsurance being placed outside the country of origin of the risk.

This now becomes a new ball game as far as placing reinsurance is concerned. The insurer would need to understand the overseas market thoroughly in order to reinsure in that territory. This he could do if he had the time and the contacts, and some insurers undoubtedly have. But most lack the necessary expertise and are content to leave it to the reinsurance brokers.

These will have world-wide contacts as part and parcel of their operations and will have acquired a full understanding of local markets — how they operate, how to get the correct terms for reinsurance, and how much reinsurance can be placed in that market. International reinsurance business is a highly professional job involving getting the market strategy right and having the correct capacity for the reinsurance. Lack of capacity is very much a current problem for placing reinsurance.

Two-way

But reinsurance is very much a two-way traffic with business coming inwards to the U.K. from overseas as well as going outwards. And this business is growing rapidly as the emerging nations become industrialised. Overseas insurers need the specialist intermediary who knows his way around the U.K. market, especially around Lloyd's, since only accredited brokers can place business at Lloyd's.

Reinsurance brokers are *spreading their contacts* to cope with this increase in reinsurance business from over*seas, although they have always* had a world-wide operational network. But now the large broking companies are actively engaged in fostering local insurance industries, even to the extent of holding a minority of the equity. The one big service they provide is the placing of reinsurance in London and the other major insurance centres.

But the reinsurance underwriters will not accept the risk until they are given full details. The broker can anticipate what information will be required and provide it in advance, thus saving considerable time. The reinsurance industry takes pride in the speed with which risks can be placed. A lot of this credit goes to the brokers for collecting the necessary information in advance so that the underwriter often only requires a minimum of further information before underwriting the risk.

The major growth area in the U.K. insurance industry is now reinsurance, as more countries undertake the writing of direct business through local insurance companies. Over 50 per cent. of the business transacted at Lloyd's is now reinsurance. Reciprocal reinsurance business, whereby a foreign insurance company offers its reinsurance treaty throughout the world in the hope and expectation of getting reinsurance business back in return through a clearing house arrangement, is very much on the increase. Here the services of a specialist reinsurance broker are deemed essential.

Thus the future looks to be an active one for reinsurance brokers, especially as their numbers in this field are limited. But their presence is increasing steadily. The Reinsurance Brokers' Association was formed in 1969 as an offshoot of the Corporation of Insurance Brokers and now has about 100 members. The object of its formation was to enable the specialist reinsurance brokers to talk to the reinsurers as members of the Reinsurance Offices Association with a united voice on matters of mutual consent.

E.S.

Lean times in the U.S.

LIKE THE primary insurance market, the reinsurance industry in North America has been going through a period of low profitability. The downturn in the insurance cycle has been especially severe over the past three years, and most observers agree that recovery in the reinsurance market is likely to prove slow. But some kind of a floor does appear to have been reached, and in one or two classes of business there could even be signs of an upturn in profitability.

The American reinsurers began to run into trouble in the second half of 1973. Until then business had been good, indeed it had been booming—but because of the rising cycle competition had begun to grow alarmingly. At the same time Wall Street started to run into stock market difficulties. Having peaked out in January, 1973 (its all-time high), the Dow Jones Industrial Index moved into a sharp downswing that was to last until the beginning of 1975. This combination of factors—increasing competition plus declining investment income—led the U.S. insurance market to boost its flagging cash flows as best it could. Thus, at the beginning of 1974 the U.S. insurance market was caught up in a price war.

The results were to prove disastrous. According to Fox-Pitt Kelton, New York Stock Exchange brokers specialising in insurance shares, the U.S. reinsurance industry moved into a loss-making position during the third quarter of 1973. The brokers reinsurance index of combined ratios (100 equals break even) edged up from profits of 99 in the second quarter of 1973 to losses of 101.6 in the third; 15 months later the reinsurance industry had reached its "crunch factor" with a combined ratio for the final three months of 1974 topping 124.

Prevalent

Losses are still prevalent but with combined ratios for the second quarter of 1976 down to around 101 the most recent experience of the U.S. reinsurance industry is the best since the early part of 1974. Some of the big U.S. mutual companies, like the Prudential, that moved into the reinsurance market at the top of the cycle may now have regrets. Still the worst is probably over. People continue to keep their fingers crossed but premium rates have begun to rise substantially now that rating cutting has stopped and the reinsurers are beginning to get a grip on cost and liability inflation.

Reinsurance premium income during the first quarter of 1976 rose by 26 per cent and to judge by the trends apparent so far for the second quarter there is going to be another big rise in the three months to June. Unlike the primary insurance companies the reinsurance groups are not controlled by inter-State price regulations and as such have been able to increase rates much more quickly than their direct insurance counterparts. This price flexibility has been especially useful in combating the really problem classes of reinsurance like medical malpractice.

Amon gthe more consistently profitable U.S. reinsurance groups there are those which reckon they can make some kind of a living by taking on medical malpractice business. General Reinsurance and Employers Reinsurance are among this breed. But these are exceptions rather than the rule. Many companies have ceased reinsurance writing altogether while others have restricted their capacity. Most reinsurance pools in America have noticeably shrunk in size. Old hands have seen underwriting cycles come and go but the latest downturn—coupled with unprecedented inflation and, consequently, some appalling disaster experience—has probably rammed home several lessons.

According to J. Douglas Higley, vice-president of Capitol Indemnity, one lesson is that natural disasters call for the retention of profits, especially for more than one large disaster in any one year. Writing in the 1975 International Insurance and Reinsurance Review, Mr. Higley points that natural disasters during the past five years have adversely affected underwriting results more in the first six months of each year than in the final two quarters. Insurance rates must keep pace if reinsurers are to remain viable.

Ratios

Past casualty levels have increased the reinsurers development ratios, and while the industry tends to hold its reserves longer thus increasing investment yield social and economic pressures have eroded any additional income. It is not difficult to chart developments on excess of loss business, but how about pro-rata business? The simple answer, writes Mr. Higley, is not to write pro-rata business but to employ the use of index clauses on excess business.

Given this background it is perhaps ironic that demand in the U.S. for reinsurance should have grown rapidly in recent years. Though they have begun to recover, the solvency margins of the primary insurance market still demand that liability risk be spread as wide as possible. So in the absence of a thriving domestic market for reinsurance other centres have experienced an accelerating inflow of American funds. Lloyd's is a prime example. It has long been reckoned that some 50 per cent. of Lloyd's business consist of reinsurance anyway with perhaps close on two-thirds of that denominated in dollars.

Most classes of reinsurance are written at Lloyd's but it is probably true to say that the major part of this consists of classes of business where the underwriters determine the premium rate. In other words, not so much business is written on original terms. Where this is written the original rate may well have been determined by the reinsuring underwriters at Lloyd's. The Lloyd's market plays its part in providing reinsurance capacity for other reinsurers. In common with certain large UK primary insurance companies, outward reinsurances placed by Lloyd's underwriters are probably fairly small in relation to premium income.

Many insurance companies outside London — notably in America — accept reinsurance business on original terms since this is virtually the only way they can achieve a wide spread of risk. In contrast underwriters at Lloyd's are in a position to be more selective. In non-marine markets, underwriters at Lloyd's tend to use excess of loss policies as opposed to the pro-rata treaties. In this way the Lloyd's underwriter can use his own judgement when determining rating levels rather than be in the hands of the original insurer.

Jeffrey Brown

Involvement in life business

LIFE ASSURANCE must be one of the best known areas of insurance as a whole. At some time in their lives almost everyone is faced with the decision, to insure or not to insure. Reinsurance too is becoming an increasingly well known part of the insurance sector. Most people can appreciate that insurers are just as keen to spread their liability to large risks as their clients. However, few people probably connect life assurance and re-insurance in the same thread of thought. To most people, life assurance would probably not appear to constitute a very large risk since the sum involved is usually only a few thousand pounds at most.

Questions

One of the main purposes of re-insurance however, is to widen the range of people to whom cover can be made available. Although the amount of money involved is unlikely to be very high in many cases, insurance companies still have to be sure that the risk attached to their investment, is not going to be too high. As anyone who has ever filled in a life assurance application will know, life assurance companies base their cover and premiums on the answers to several questions, including current state of health, medical history, age, nature of occupation.

The ones which cause most concern for many prospective insurers are naturally enough those relating to age or health. A person approaching middle age, with a medical history which includes perhaps a heart attack obviously constitutes a larger risk for an insurance company than for instance a twenty-five year old athlete. In the old days before reinsurance was developed a middle-aged person with a doubtful history would have found adequate life cover very difficult to obtain.

The development of life reinsurance that has taken place largely in the post war years, means that life cover can now be provided for people who have histories which include such serious complaints as diabetes or coronary thrombosis. It is of course important that the insurees present state of health should be fairly sound but it does not have to be perfect. Indeed there have been several cases in the last few years where people who have undergone heart valve transplants or are actually receiving regular dialysis treatment from kidney machines have been able to obtain adequate life cover.

Where the risk is highest of course the premiums will be loaded accordingly but the re-insurer has become an expert in assessing risks. It is likely that his expertise in this area has helped to keep premiums at a more attractive level for the insuree than was possible in the past.

The re-insurer's expertise has developed from experience gained by assessing risks all over the world. The fact that he specialises in dealing with problem cases leaves him much better placed to deal with the out of the ordinary insurance cases than an ordinary direct life office underwriter. His main concern is to push the life offices acceptability of risks to new levels.

As the reinsurance specialists have pushed life cover to new frontiers, so the larger ordinary life companies have widened the range of the risks which they are now prepared to cover without recourse to a reinsurer. Because of this the reinsurance specialist now deals largely with the small to medium sized companies which have lower retention levels than the majors.

Apart from the medically substandard cases mentioned above this business includes many other types of life cover, which would probably have not been possible a few years ago. Key men policies, for instance, are becoming increasingly common. When an employer feels that the sudden, unexpected death of a key employee (usually of executive or directorial rank) would seriously disrupt the company he can provide against this risk by insuring.

It often happens in cases like this that the employer over-estimates the importance of the employee in question and is tempted to over-insure. It is then up to the re-insurer to examine the case and try to determine whether the sum insured is appropriate. This is often done by examining the employee's salary over several years and calculating what the cost of replacement will be.

Profile

Given the important part which reinsurance plays in the life sector it is strange perhaps that few people outside insurance know very much about it. However, the low profile image has in the main been deliberately achieved. Reinsurance is after all a background activity. The reinsurer is very much a professional's professional. He has no contact with the general public and he never advertises his services to the lay man.

When a person seeks life insurance and the insurer considers that the size of the sum involved, or the health risks attached to the insuree are, sufficiently high he will approach the reinsurer. The reinsurer will assess the risk, give the necessary advice to the original insurer and will then help to spread around the liability to the risk, having already underwritten part of it himself. At no time does the insuree have any consultation with the reinsurer.

Perhaps it is possible that many people, ignorant of the wide scope which reinsurance has given to the life offices, do not even consider insurance for fear that they constitute too high a risk for any adequate cover to be offered. But here it is up to the life offices themselves to publicise the range of cover which they can provide, and this they are now doing more and more. The main reinsurance specialists in the UK are Mercantile and General and Victory Insurance, both of which are subsidiaries of insurance majors (respectively the Prudential and Legal and General), and this illustrates the strong links which the reinsurance sector has with the rest of the insurance world.

Tom Kyte

Help for emerging nations

OVER THE PAST 50 years or so, former colonial territories overseas have demonstrated two priorities on first gaining independence. The first has been to run their own airline and the second to set up their own insurance business.

This at least is the observation of the London based insurance concerns whose representatives have been no less closely involved with the early growth of infrastructure in the developing states than have been the tea-planters in India and Ceylon, the mining engineers and other Western industrialists in Africa, Latin America and the Far East, and the oil prospectors in the Middle East.

Both priorities are borne of a desire by the newly emergent nations to curb the outflow of foreign exchange and to increase their self-sufficiency. But while the Western aviation industry has had to make some painful readjustments, the insurance industry claims to have actually drawn strength from the process. Among those to believe they have benefited most is the Western reinsurance broker.

International reinsurance is a complex and diffuse business not easily measurable in terms of size or growth. Yet a feature common to most reinsurance concerns recently has been an increasing emphasis on developing countries as a growth area.

Sedgwick Forbes' chairman highlighted the importance of this when he told his annual meeting earlier this year that it was the group's policy to extend services into promising new areas including the Middle and Far East. He underlined the amount of time and effort that was being spent on seeking new opportunities there.

Similarly, C. E. Heath drew special attention in its annual statement this year to seeking fresh outlets overseas. It too highlighted its hopes for the Middle East where it had recently acquired a 25 per cent. interest in an insurance concern in Abu Dhabi and Dubai. Elsewhere, Minet's, Willis Faber, C. T. Bowring, Bland Payne and Stewart Wrightson, to name only a few, are equally *active in their pursuance of* business in developing countries.

As the current emphasis on the Middle East suggests, opportunities for growth are most concentrated in states embarking on major industrial development programmes where risks are growing faster than can be coped with by the usually undercapitalised new national insurance concerns. The need to arrange reinsurance when building hydro-electric dams, *steel and petrochemical plants,* nuclear power stations and oil *rigs is primarily more important* than ordering the mortar or appointing the engineers.

The very size of such projects demands that the liabilities be spread internationally. C. E. Heath's reinsurance involvement with Sedgwick Forbes and other reinsurers for the new $3.2bn. Itaipu dam for Paraguay and Brazil is among the latest examples of a multi-billion dollar project insured through local concerns but needing a wide international reinsurance spread. This is not to mention the need for London reinsurers' expertise in the complex arrangement for cover—particularly at a time of inflation.

Expertise

National or nationalised insurance concerns in the developing countries are *frequently set up under a* restrictive policy to prevent local business being insured other than with domestic insurers. But the key to how the international reinsurers benefit from policies, which ostensibly seem designed to take business away from the foreigners, lies not only in the size of the projects but also in the expertise required. This is where the reinsurers have a vital role to play. The fact that the flow of reinsurance premiums is virtually free of all controls also means that a *world-wide* market for insurance can flourish.

Hogg Robinson's chairman, Mr. Francis Perkins, neatly explained the position in his latest annual statement. He described how the group's overseas companies had prospered by co-operating in local insurance development overseas, *both by* helping to generate new business, and by helping to improve local technical standards and training. The group is among the major reinsurance brokers for the Venezuelan and Pakistan markets.

He pointed out that as companies in the *developing countries* became more ambitious in underwriting local risks, so they had a greater need for facilities to spread their risks in the international markets. Hogg Robinson has been expanding its overseas connections, in anticipation of this.

Some brokers take the argument further. They point out that the opportunities for reinsurers are even greater in countries with nationalised concerns than in states where the policy on foreign insurance business within the country is not restricted. They point out that if a particular project has *to be insured through just one* national concern, the need for well distributed reinsurance abroad is even greater. In addition, the existence of local reinsurance facilities does not stop the need for "reinsurance" internationally.

Reinsurance in developing countries, however, is a quirky business and the path is not always smooth for the Western operator looking for new outlets. The size of the premium income in each state has to be weighed against the number of insurance operators already available in the country. In the primarily agricultural state of Kenya, premium income is stuck at around £17m. a year whereas in Nigeria it is around £80m. and growing fast. Egypt, with £30-40m. a year is interesting for its potential but the Ivory Coast offers just £20m. spread among the French operators. For most foreign operators cash flow has to start at around £250,000 to be worthwhile.

Approaches

Then the different developing areas have varying approaches to insurance. Some African States, apparently, treat the annual basis on which reinsurance treaties are based rather too literally, and religiously cancel them for renegotiation every year. Elsewhere the treaties are usually expected to be rolled over almost automatically unless a new special consideration crops up.

Conversely, in some developing countries, insurance and reinsurance expertise has grown over many years to such an extent that the countries' national and nationalised operators provide reinsurance facilities in the international as well as the local market. Iraq, Kuwait and Syria all come into this league, the oil producers having benefited from having the funds to buy outside expertise.

In addition different developing states have concocted *various ways of allowing the* country to take a share of the premium income available. Nigeria, for instance, stands out as having managed to get the best of both worlds. It allows foreign concerns to operate alongside national ones but has taken a 49 per cent. stake in the *foreigners. Iran meanwhile also* opens itself to foreign reinsurance representation in the country but rules that 25 per cent. of premium earned must go to local concerns.

It is not then the specific efforts of any particular party, whether London-based reinsur*ance brokers, or Governments* of developing countries, that perpetuate the international character of the market, so much as the interdependent nature of the business itself. This is why, at a time of overwhelming demand for reinsurance facilities from North America, Western reinsurance brokers are making concerted efforts to co-operate with the national concerns of the developing nations. In the short term, they offer good brokerage fees and outlets for spreading risks and in the long-term offer prime areas for growth.

Pauline Clark

Worldwide growth

"WE ARE getting a smaller share of a bigger cake," was *the way* that one reinsurance executive put it in London. Even apart from the traditional cyclical factors operating in the market, and ignoring the impact of inflation on premium income, there is little doubt that the reinsurance market has grown rapidly in recent years.

One of the important factors in this growth has been the diversification of insurance risk on a global scale, and the number of new entrants operating in London.

Many U.S. companies have set up offices in London, which remains the dominating influence for world business. What has been impressive about this move is that it is not the smaller reinsurance companies, but the giants that have diversified into the EEC via their London (or, in some cases, Brussels) offices.

The General Reinsurance Company of New York has been in London since the late 1960's. But the American Reinsurance Company, Union America and others have joined the growing list.

True to their style, the U.S. companies have normally done a great deal of analysis and research before setting up in the U.K. and EEC markets. Many of them have had to learn about intricate currency transactions for the first time. While most of them have formed subsidiaries in the U.K., some have chosen to set up through agencies or branch offices or even pooling arrangements.

The precise impact they have had on the market is difficult to gauge, but factors that have occurred simultaneously have softened the competition. For a start, it is not only in London *that there has been physical* expansion. This has become something of the global phenomenon, with a great deal of activity in the developing world, with its attendant impact in London. Put simply, the world market for U.K. companies has expanded because a great deal *of new business is still under*written in London, or at least partially underwritten here, thus enlarging the cake.

Regulated

Perhaps the biggest opportunities have come from the Third World. *In* recent years many developing countries have set up their own reinsurance operations, partly to protect their foreign reserves by retaining as much premium income in their own country as possible. In many cases, these companies are owned by the State and so their *business is* officially regulated. In some cases such nationalised industries have received assistance from international bodies such as UNCTAD. At the same time, however, a significant proportion of the reinsurance has been directed abroad, both be*cause the highly technical skills* required plus the commercial gut feelings needed are not always in ready supply at home, and also because the financial risk would be too big for one country to bear, particularly in those parts of the developing world that are prone to accidents through hazardous weather conditions during parts of the year.

Whereas a few years ago it was fashionable, in culling business, to offer reciprocal reinsurance arrangements in order *to offset any drain on the bal*ance of payments, these days the main competitive edge is in giving better terms on a straight forward contract. Not that reciprocal arrangements don't exist—they do and are still an important factor in negotiating in these parts of the world.

In the immediate past the area that has provided the greatest opportunities has been the Middle East. But getting business in these parts is not without its hazards. Apart from the intense competition (with almost every major company seeking to get its share of the cake), the "housekeeping" in some Middle East countries leaves a lot to be desired and some London reinsurance companies have lost tens of millions of pounds through fire losses at warehouses, and ports and other places. Local reinsurance companies have been set up in some of the countries, but in others (and notably Saudi Arabia), an offshore centre has sprung up.

In considering how competition is affecting the market, one of the most important fctors as far as U.K. companies are concerned is the relative weakness of sterling and the higher inflation rate in the U.K.

The fall of the pound this year has had the effect of other international companies spreading the business they would normally bring almost exclusively to Britain. For they realise that the main danger to U.K. companies is that while inflation and a falling pound increases the value of premiums received, they also have the effect of raising the long-term contingent liabilities. A catastrophe overseas hence becomes more expensive in terms of sterling. *International* companies have also been bypassing London to some extent to show an objectivity which is sometimes required in the political fabric of the market in some places.

But London will never *be* completely disbanded. Its natural popularity as a reinsurance centre *springs from* its easy access *to* world markets, its historical links, the status, quality and experience accumulated over many decades, and the skills in being able to handle hundreds of foreign currencies. Mercantile and General, for instance, operate in over 140 countries.

Another reason for London's *popularity is the strict control* that is maintained over companies. Since the collapse of the Vehicle and General, the Department of Trade has taken a more direct interest in insurance companies, including subsidiaries of foreign operators.

Tighter rules by the Depart*ment of Trade are also being* complemented by stricter rules in some EEC countries and attempts by the EEC Commission to harmonise rules. In Brussels, for example, companies are required to invest their reserves to match exactly their overseas commitments.

Another major influence in the development of the market both in this country and on an international basis is the increasing tendency for the general and composite insurance companies to become involved in reinsurance. The lines between classes of insurances are slowly being eroded and all participants in the insurance industry are getting involved in what is becoming one of the most competitive sectors.

Marine

This in turn is affecting the profitability of the industry. In presenting the 1973 results of Lloyd's recently, Mr. C. O. Gibb, chairman of Lloyd's Underwriters Association, remarked that irresponsible competition for marine premiums from every corner of the globe was keeping premiums down to an uneconomic level. And so, too, in other sectors of the market.

Looking into the future, it is possible to forecast that while general opportunities will expand along with the growth in the market, profitability will contract as the cost of getting that business against increased competition rises, too.

The "Golden Age" of reinsurance—when almost anyone could come into the market and make money aggressively—is now past. The cyclical factors are likely to cause overcapacity as soon as things look buoyant, just as they did a few years ago.

But the difference now is that whereas any setback in the market resulted in a host of smaller companies withdrawing with burnt fingers, nowadays the larger companies which dominate the field are likely to sit and see the bad times through.

Roy Levine

The Management Page

EDITED BY JOHN ELLIOTT

Next week the TUC debates industrial democracy at a time when the Bullock Inquiry is preparing its report. In this article, **David Basnett** puts the debate in the context of the gradual development of trade union bargaining and argues that worker directors should not be seen as the only answer

A plea for a flexible approach

THE BULLOCK COMMITTEE which was set up to look into the whole problem of worker involvement in company decision-making, is moving into the final stages of its deliberations. Its recommendations could be some of the most crucial and far-reaching that any Committee has made. They could transform the whole process of industrial decision-making, and ultimately the structure of industrial society itself. The debate on industrial democracy is not only about power and participation, but also about the direction in which our society is going.

Industrial democracy is not and should not be seen as a new subject. Like all forms of democracy, industrial democracy is simply a sharing of power by the majority in decisions which hitherto were taken by an unrepresentative or an unaccountable minority. In this sense, the whole history of the development of the trade union movement has been mirrored in the history of the extension of industrial democracy.

Union control

Gradually trade unions have established control or joint regulation over a whole range of issues affecting the situation at work—starting with wages and hours, going on to holidays and sick pay, through bonus schemes and piece work to the speed of work, the level of manning and thus to the organisation in the place of work itself. Decisions in all these areas have been made subject to a degree of joint regulation between management and the trade unions at plant level, rather than as matters of unilateral management control. To cope with them, sophisticated plant-level and sometimes company-level joint negotiating structures have been established, sometimes supplemented by joint consultative arrangements. The benefits to the system of joint control have been seen by workers and management alike. Whether the motive for these developments has been "industrial democracy" or a "participative management syle," the result in many cases is the same. Power at the point of work is no longer being exerted solely from above, it is shared.

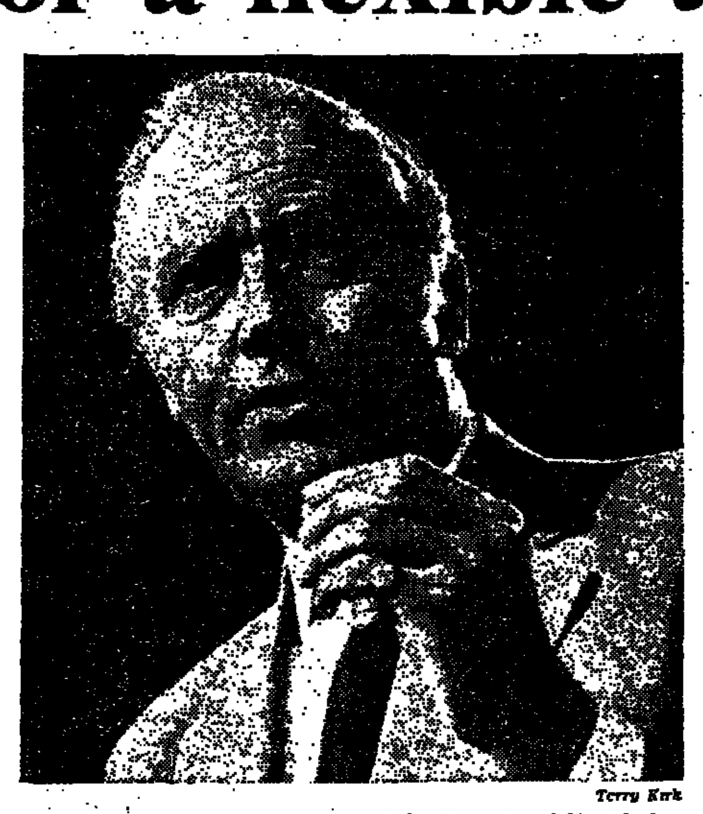
In parallel with the extension of the scope of collective bargaining at plant level there has been a substantial development during the last two decades, of trade union machinery to deal at various levels with managerial decisions. In large parts of manufacturing industry, and to some extent in the public sector, there are now tight networks of shop stewards committees at the place of work. The devolution of negotiating responsibility to the level of the plant is well known. But less clearly and more recently there has also arisen the establishment of company level trade union machinery.

The highly developed joint industrial council machinery in this country, and effective plant-level wage-bargaining are beginning to be supplemented by bargaining at the corporate level in large multi-plant companies. The development of trade union machinery and joint machinery at company level (or group level) in a multi-plant company, is the prerequisite for any new form of industrial democracy to be established for key areas of management and Board decisions.

It is about decisions at Board level that most of the current argument about industrial democracy is taking place—the level of "strategic decisions" in the modern company is the area with which the Bullock Committee is concerned. Trade unionists recognise the increasing concentration of power of decision-making at this level, reflecting to some extent a centralisation from local management to central management, which from the trade union angle also appears to be in part a reaction to the effective establishment of trade union-based joint regulation in plants. Trade unions at plant level fear that, just when we have established joint regulation at this point, "real" power is now receding over the horizon to the corporate headquarters.

This, of course, is not only a question of the location of decisions, but also of the size of decisions and their timing. Decisions on investment, on company strategy, mergers, takeovers, rationalisations, closures, and so forth, are generally speaking all taken at this level, and agreed in broad outline by the Board on the recommendation of the corporate planners, long before the trade unions are in any way consulted or involved.

In practice, of course, it is the workers and trade unions who will have to deal with the consequences of these decisions at the point of their implementation. But that point may be years after the original—often irreversible—decision is reached. The trade union movement is now seeking involvement at an early stage in these strategic decisions.



Terry Kirk

David Basnett, general secretary of the General and Municipal Workers Union

Of course, there are differences of emphasis among the trade unions on how we should become involved in these decisions. But the vast majority of British trade unionists now believes that involvement is essential. As far as the private sector is concerned, this means we recognise that there have to be some radical changes in company law.

The primary changes will be: first, a change in the responsibility of directors so as to indicate explicitly their responsibility to the workers in the company; second, effective provision for the disclosure of information to employees and trade union representatives; and third—in the opinion of the General and Municipal Workers' Union at least—a general legal obligation requiring managements to negotiate and consult with the recognised trade unions involved on these strategic issues.

There is however a distinction between the GMWU viewpoint and that put across by the TUC. The GMWU believes that once the prerequisite situation is in existence—that is trade union machinery established at company level on the one hand, and changes in company law on the other—then it should be up to the unions and companies to settle between themselves how the obligations on industrial democracy should be carried out, and what new machinery would be necessary. The legal changes should be binding on the obligations to negotiate and on the disclosure of information: but the law should be permissive only in relation to new structures of industrial democracy.

The GMWU recognises that the TUC proposal on worker directors—namely that 50 per cent. of a supervisory board (or in the latest version of TUC policy submitted to Bullock—the "main policy making Board") should be occupied by the representatives of the workforce in the company elected through trade union machinery—is a viable and legitimate way of fulfilling the requirement to establish joint regulation on strategic issues. But it is not necessarily the only way, nor indeed necessarily the best way.

There will be many situations where practical problems, or legal difficulties prevent the implementing of the worker-director approach. These difficulties can be overcome. The GMWU would accept that establishing 50 per cent. of the policy-making board ought to be one option written into the Company's Act. This would be one way of meeting the general and legal requirement about negotiating with trade unions on strategic issues.

Bargaining

But there are other ways of achieving this without altering the total structure of the company. Company-level collective bargaining machinery in some companies already covers these areas. Separate company machinery might, when necessary, be established to do so. Once there is company-level trade union machinery there is a whole spectrum of methods of which the worker-director option is only one. The problem with the latest version of the TUC evidence is that it is not sufficiently flexible to take in these other options, despite the fact that the 1974 TUC Annual Congress which adopted the industrial democracy report, also adopted a motion seeking a more flexible approach.

The TUC recognises this to the extent that it now argues that the establishment of a supervisory board with 50 per cent. worker representative would not be imposed on trade unions who did not want it. In the latest version, the board would be established and defined on a 50-50 basis, but the trade unions would have the option of whether or not to take up the seats. However, the approach that is now being advocated by the TUC in effect means that all other options are closed. Either the trade unions in a particular enterprise opt for a supervisory board, or they opt for nothing—in effect they opt out of any involvement on these issues.

There are a number of examples of alternative ways of achieving industrial democracy at a strategic level. The corporate plans of at least one nationalised industry will henceforth be subject to a joint strategic policy committee on which the unions will jointly determine the formal plan for the next five years. Several companies have now established consultative arrangements with unions at company or combine level; with the requisite statutory changes, these groups can be transformed into standing planning committees with joint decision-taking competence. The planning agreement process, as and when it gets off the ground, will itself require bilateral management-union agreement on strategic plans in parallel with negotiations with Government departments. All these processes and structures could, with the changes in company law outlined above, fulfill the requirement of industrial democracy without necessarily going to the lengths of 50 per cent. trade union representation on the board.

Contrary to the latest TUC views, the GMWU believes that there ought to be an option for trade unions to become involved in these strategic issues without necessarily opting for a supervisory board. The GMWU believes that this possibility should be written into company law through the "general legal requirement" already mentioned. This could quite easily be reflected similarly in legislation covering the public sector.

Legal sanction

Enforcement of this approach presents a difficulty, but the GMWU believes that, in the vast majority of cases agreement could be reached—if necessary with appeal to the Advisory Conciliation and Arbitration Service to resolve disputes. Failure to implement an ACAS recommendation with other provisions of the Employment Protection Act would ultimately lead to legal action and one sanction would be the imposition of a supervisory board where appropriate.

The means of enforcement may, however, be subject to debate. But the central issue—that other options of joint regulation of strategic decisions should be allowed—is the main point of the GMWU's own evidence to Bullock and its current position.

MULTI-NATIONAL COMPANIES

How to deal with political risks

BY SUE CAMERON

MULTINATIONAL companies could do far more to protect their foreign interests from nationalisation, terrorism, and the ravages of war or revolution according to a booklet on political risk management.

The booklet, written by Bruce Lloyd, an investment manager with the Commonwealth Development Finance company, and published this week deals mainly with minimising the effects of political change on foreign subsidiaries. But it also criticises wholly British concerns for failing to take sufficient account of political trends, and says companies should take their social responsibilities more seriously.

Analyse

Mr. Lloyd says companies should also analyse political situations at home and abroad and try to anticipate any actions which could threaten their position. If they decided that a particular interest was in danger, they could then either close it down, demand a higher return on investment to compensate for the higher risk involved or, in certain limited areas, join a Government insurance guarantee programme.

The booklet claims that political and social instability invariably go hand in hand with economic instability. Companies operating abroad should therefore look carefully for any signs of instability such as strong internal factions, whether racial, religious or tribal, forthcoming elections, recent or impending independence, extremist programmes and changes in foreign alliances.

One way suggested of analysing the risks involved in doing business in a particular country is to record the number of deaths per million of the population which occurred as a result of political violence. Companies could then measure the number of years a nation has been independent and the number of heads of state it has had since the Second World War.

The booklet says it is also important to measure the degree of inequality in a society "in order to predict which of them will explode like overheated volcanoes." Multinational concerns should try to find out if an organised section of the population—however small numerically—was highly critical of a governing elite. If a coup looked possible, it would be essential to sound out the attitudes towards foreign companies of the would-be ruler.

Mr. Lloyd says far too many businessmen feel they have an inalienable right for what they are doing and they often exhibit strong prejudices against all forms of political activity.

They fail to appreciate the varying views of local populations and pressure groups and regard all questioning and criticism as unreasonable.

Yet in the last few years a wide range of political decisions has affected industry at home, including entry to the Common Market and prices and incomes policies.

Mr. Lloyd also notes that between 1945 and 1970 at least 289 American and U.K. companies were affected by expropriation or nationalisation programmes overseas.

One way in which industry could lower the risk of political activity both here and abroad, according to Mr. Lloyd, is to take its social responsibilities more seriously and to carry out social audits in much the same manner as financial audits.

This would mean comparing the objectives and consequences of a business project with the aims of local and national government and then acting, if possible, in advance of impending legislation and higher standards. It would also involve more innovation in social as well as economic spheres and the achievement of a better balance between profitability and social action.

"If a businessman, through his own socially responsible behaviour, can prevent the Government from introducing new restrictions it can then be argued that he can acomplish a public good as well as his own private good."

Political Risk Management by Bruce Lloyd. A Keith Shipton Development Special Study. Adelaide House, London Bridge, London, EC4. £1.50.

Money plans for retirement

THE Pre-Retirement Association has published the eighth edition of its booklet Money and Your Retirement. The booklet, which has been brought up to date to take account of the 1976 budget, includes sections on income, savings schemes, property, investment, and inflation.

It is written by Edward V. Eves, who lectures on the financial aspects of retirement, and it gives a number of references for further, more detailed information.

Money and Your Retirement. By Edward V. Eves. The Pre-Retirement Association, 19 Undine Street, Tooting, London SW7 8PP. 70p, post free.

Help in small businesses

BY SUE CAMERON

A ONE YEAR evening course on the management of small businesses has led to the setting up of an organisation designed to relieve such businesses of many of their day-to-day administrative problems. Called David Casey Associates after its founder, the company will advise small businesses on various management questions and will do their book-keeping, marketing or staff training.

Mr. Casey is a lecturer who runs a management course for the London Borough of Ealing. The course is aimed at small businessmen who may be specialists in the sales or design field but who have little knowledge of general management techniques. Although successful, Mr. Casey found that in itself the course was not enough. His students started asking him to undertake work on behalf of their own businesses—such as acting as official adviser on takeovers.

He realised that there was a gap in the management services being offered to small companies which evening classes alone could not fill and he therefore decided to go into business on his own account.

He works in association with various professional people including lawyers and accountants and the services offered range from account auditing and financial planning to stationery design and management training, or even the full administration of a small business if necessary, when the client would be charged a percentage of total turnover. For one particular service, the client will be charged a fee.

Meanwhile Mr. Casey is still running the management course at Ealing which he thinks is the only one aimed specifically at people running small companies. It tries to cover a variety of topics including staff selection, cash flow planning, investment appraisal, insurance and public relations.

"We have all sorts of people on the course," Mr. Casey said. "Some of them are already running their own businesses and others are planning to start soon. Often the problems they face are basic. One man was unable to obtain the bank loan he needed simply because he did not know how to put his financial case on paper. We have had a landlord who wanted to know more about cost accounting and a former policeman who had just set up a security service for car hire fleets."

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FRIDAY, SEPTEMBER 3, 1976

Narrow path to tread

THE economic forecasts issued by the National Institute of Economic and Social Research are by no means, as it would itself be the first to admit, entirely reliable. But neither are those of the Treasury or of other private forecasters. The main use of such forecasts is to provide a range of possible outcomes and so make it easier to consider in advance the problems of policy which each would raise. The latest picture presented by the NIESR is not at either extreme of the range between optimism and pessimism. It is all the more useful, therefore, for illustrating the narrowness of the path along which the U.K. economy has to be steered during the next eighteen months or so.

To begin with the balance of payments, which is one of the most difficult factors to predict but the improvement of which is at present the prime aim of Government policy. The growth of world output has improved the outlook for U.K. exports and the NIESR believes that it takes "quite some time" before the full benefits of a lower exchange rate work their way through. It nevertheless believes that the current account deficit will rise from £1.7bn. to £1.9bn. this year and will fall only to £1.5bn. in 1977. It expects the deficit to disappear—and this overriding constraint on economic policy to be removed—only around the turn of 1977-78 as North Sea oil begins to contribute on a significant scale towards import saving.

Pay restraint

The achievement even of this result is dependent on a further gradual decline in the exchange rate before equilibrium is reached in the latter half of 1977, and it is assumed that the need both to control the domestic growth of the money supply and prevent a run on sterling will mean still higher interest rates. The rise in interest rates, the NIESR reckons, will not prevent a sharp rise in new capital investment by industry next year as spare capacity is taken up, but the further decline in the exchange rate together with the expected rise in raw material prices will influence the speed with which domestic inflation can be brought under control. The Government has itself pushed its target further into the future: but the NIESR expects inflation to continue at about its present level until the middle of next year and to come down towards 10 per cent. only at the end of it, as the latest stage of voluntary pay restraints begins to exercise its full effect.

This assumes not that the policy of restraint is completely successful but that there is no major breach of it. The NIESR estimates that the second stage will add a basic 5 per cent. to earnings but that increased overtime and piecework—together with a certain amount of regrading—will mean a total increase of 9 per cent. It stresses strongly its view that, if inflation is to continue to fall after the end of 1977, there must be no increase larger than this 9 per cent. in the year after Stage Two comes to an end. The problem, as Mr. Jack Jones has often pointed out, will be to move back towards more flexible bargaining without allowing a wage explosion.

Unemployment

The level of unemployment, which may do something to prevent such an explosion, is itself the most worrying feature of the picture drawn by the NIESR. The official view is that unemployment is levelling out and will begin to fall before the end of the year. The NIESR view is that unemployment will not reach a peak until early next year and will then fall only slowly. This prediction is partly based on the fact that exports and capital investment, which the Government intends to be the main force behind the business upturn now beginning. provide scope for greater-than-average increases in productivity: conversely, any attempt to stimulate other forms of demand in an attempt to reduce unemployment will slow down the restoration of the balance of payments and so put the long-term achievement of full employment and higher living standards further out of reach. The Government has apparently managed to bring home to various trade union leaders the need not only to exercise voluntary wage restraint but to accept an unusually high level of unemployment for some time to come. They have the difficult task of bringing it home to their members that, in their own long-term interest, they should accept the main lines of Government policy.

Mexico's long-term strategy

PRESIDENT Luis Echeverria of Mexico had little alternative this week to allowing the peso, linked to the dollar for more than two decades, to float and, in floating, fall sharply in value in international markets.

The rate of inflation in Mexico, though moderate by some Latin American standards, has for some considerable time been well out of line with that in the U.S. Such a situation was obviously dangerous for a country which relies as heavily as Mexico does on earnings from U.S. tourists and sends a very high proportion of its exports to its neighbour. An adjustment of the exchange rate was thus inevitable.

An equally serious consideration for the Mexican authorities was the flight out of the peso by domestic and foreign investors alarmed by gloomy forecasts about Mexico's economic and political future and unconvinced by official assertions that devaluation was not contemplated. The Mexican Government realised at an early date that the imposition of exchange control was a practical impossibility for them. With a comparatively unsophisticated civil service and a long open frontier with the U.S. the country did not have the administrative machinery to police any such control. Allowing the peso to find its own level on the exchanges was the only option left.

Especially complex

Despite the compelling logic of these arguments there are a number of paradoxes in the current situation which make the Mexican case especially complex. The first available statistics about Mexico's visible trade this year showed that the chronic gap between export and imports was closing. Imports were marginally down, exports, boosted by sales of oil, were rising strongly in the first six months and there were signs that tourism was recovering from its previous troubles.

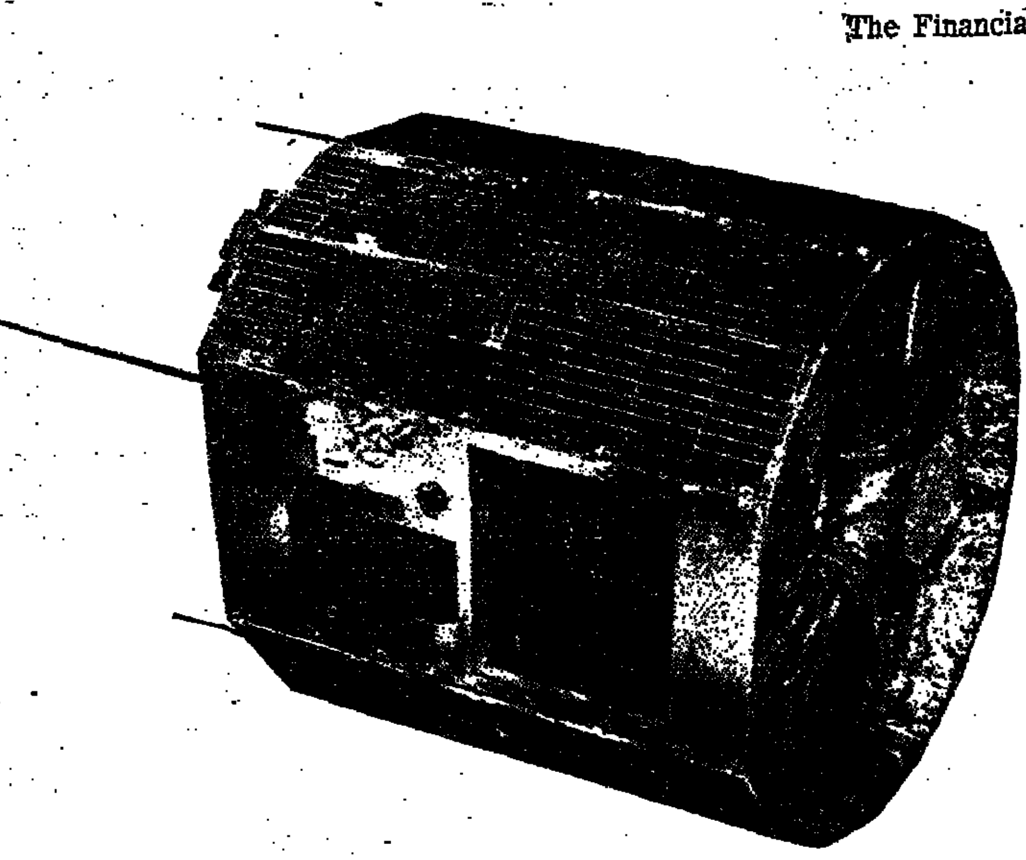
It is, morever, doubtful whether the new parity of the peso will do much to improve *the visible trade situation. Many* imports needed for Mexico's development can hardly be dispensed with. The main impact will be on the profit margins of the exporters of raw materials—far and away the largest component in sales abroad—though some of the benefits will be taxed away. The danger is that the devaluation may aggravate the inflationary situation, reduce the purchasing power of the majority of Mexicans and circumscribe the domestic market that Mexi*can local industry needs.*

Oil exporter

The immediate outlook therefore looks unsettled. In the course of the next few years, however, the economy should improve strongly as the effects of the very big new discoveries of oil that have been made in southern Mexico make themselves felt. There is every likelihood that by 1980 Mexico will emerge as an oil exporter comparable with some of the important members of Opec. The strategy announced by the Government of keeping crude oil exports to a minimum and concentrating efforts on local refining and processing should, too, increase the value of oil exports as well as providing job opportunities for a society which is in desperate need of them.

Such a strategy will be costly in terms of the capital goods that will be needed to realise it but it is likely to pay off in the *long term, particularly since its* long experience as an oil producer and refiner has given Mexico the knowhow to make the best of its oil wealth.

Viscount Milton, FRS, President of the first annual meeting of the British Association, in 1831.



THE U.K.-5 SCIENTIFIC SATELLITE LAUNCHED IN 1974

Professor Sir John Baker, this year's President of the British Association.

A fight for 'big science'

By DAVID FISHLOCK, Science Editor

MANY DELEGATES to this year's meeting of the British Association for the Advancement of Science at the University of Lancaster will pass an elegant white tower not far from the radio-telescope at Jodrell Bank. Although this 225-foot tower will never achieve the public fame of Professor Sir Bernard Lovell's great telescope, it is nevertheless an important new landmark for British science. It would be sad, however, if the £10m. "nuclear structure facility," as it is known, were to achieve notoriety as the last conspicuous contribution of British science to physics.

The annual meeting of the British Association which began on Wednesday night finds physics in Britain on the verge of a crisis. A policy for financial support which has prevailed for many years has begun to prove to be politically unpalatable, *with the result that some* eminent scientists are beginning to find it very hard to sustain their research programmes, while others fear that well-conceived projects may be handed over to those with no competence to execute them.

The policy is simply that of supporting scientific excellence wherever it may emerge. Shortage of funds to support the physicists in the style to which they have grown accustomed, combined with growing resistance throughout society generally to accept excellence as good enough cause for support, are confounding the work of some of Britain's best scientists. Compounding their problems is the knowledge that in Mr. Fred Mulley, Secretary of State for Education and Science, they have a Minister in charge who has shown less sympathy with their viewpoint than perhaps any of his predecessors since World War II.

Mr. Mulley has charge of a total science vote of £216m. this year, mostly spent by the research councils. In addition, the councils *will* receive about £44m. from other Government departments to carry out specific research contracts, aimed at solving departmental problems, say in transport or ill-health.

Rarefied reaches

To put the £216m. into perspective, it is only a tenth of *the total Britain will spend on* scientific research and development this year. Of a total exceeding £2.2bn., half will come from industry and half from Government sources including, the Ministry of Defence and Department of Energy. But the importance of the research council's portion lies in the fact that it supports work no one else is supporting in the more rarified reaches of science, of the kind that has opened up such possibilities as nuclear energy or "genetic engineering."

Mr. Mulley himself has pointed out that the science vote this year will be about 2 per cent. more in real terms than last year. Moreover, half of it—£107m.—will be spent by one of the five research councils, the Science Research Council. This is the one which supports the "big science" projects, involving radio-telescopes, research satellites, atom-smashers, and so on.

These are the projects which require multi-million pound instruments and large teams of support staff if the scientists are to continue to gather their data. Without up-to-date instruments the useful work of almost any experimental scientist will quickly come to an end, and will certainly no longer remain competitive with that of his colleagues who are better equipped.

These are the projects which are causing greatest dissension in the ranks of British scientists to-day. They are finding it increasingly difficult to raise funds as a result of a deliberate policy adopted by the Advisory Board for the Research Councils (ABRC), Mr. Mulley's top scientific advisers on the apportioning of the science vote. Its policy is to transfer funds year by year away from "big science" towards promising new areas of research. It is a policy whole-*heartedly supported* by Mr. Mulley, but which has been castigated by Professor R. L. F. Boyd, one of Britain's leading space scientists, as one of "egalitarian mediocrity." Writing in *Physics Bulletin* Professor Boyd alleges: "That the Science Research Council should be forced to abandon the forward positions, so laboriously won, for more extensive if less penetrating entrenchment at the dictation of the ABRC brings into disrepute the whole research council system."

Ironically, the chairman of the ABRC at present is Sir Sam Edwards, chairman of the Science Research Council and a physicist himself. He has already been forced to preside over the abandonment of such projects as a new radio-telescope for Jodrell Bank, which began *in 1970 as a "modest" £6.2m.* project (the first one cost less than £1m.) and escalated to £22m. by 1974. He may well be obliged to preside over the accelerated closure of Britain's only remaining atom-smasher, the Nimrod cyclotron at the Rutherford Laboratory, an instrument which keeps a team of 400 employed and has an electricity bill of £1.25m. a year.

No scientist has fought harder on behalf of "big science" than Sir Sam Edwards. But he has been fighting both a political attitude that has been asking increasingly "what good does it *do" and a growing resistance* within the ranks of science itself to further commitment to the big projects. One of the most difficult tasks in overseeing science has turned out to be stopping or changing the course of a big project, even when it is manifestly no longer productive scientifically. Too many jobs, not to mention scientific reputations, become dependent on the big instruments.

But it is also difficult, points out Sir Sam, to get politicians to grasp that although it is true that science gets more and more expensive, because of the increasing cost of sophistication and the increasing variety of expertise required to solve its problems, science is also responsible for consumer goods becoming cheaper in real terms. He has advised MPs to spend less time debating the *one-tenth of the U.K. research* bill allotted to the research councils, and more on the other nine-tenths.

But the sad fact remains that the physicists have been unable to make a convincing case for some of their big projects at a time when so many other sectors of society were being asked to make major sacrifices. It cannot help the case for science to have to admit that it has no quick answers to the kind of problems thrown up for the nation by energy price increases in 1973, or the drought this summer.

Physics under threat

Within the ABRC, where all five research councils are represented, the Science Research Council has already been obliged to agree to a gradual transfer of funds from the science vote, so that smaller research councils can continue to grow slightly. It was also *seriously proposed* that the £5m. cut required from the 1977-78 science vote under the Chancellor's July cuts in public spending should fall exclusively on the Science Research Council. But this time the physicists were reprieved—Mr. Mulley has been advised that the £5m. should be spread *pro rata* across all five.

Is the picture for physics then truly as bleak as that *painted by Professor Boyd? If* so, it could have very serious implications, in the long term at least, for a nation whose overseas earnings are heavily dependent on engineering, because physics is the science that underpins all engineering development, as Professor Sir John Baker stressed in his presidential address to the British Association on Wednesday night.

It *is certainly true* that Britain is opting out of space science and has no plans to build another research satellite of its own to follow U.K. 6 into space early in 1978. But the Department of Industry is still spending heavily on other aspects of space. It is also true that Britain will soon have no facilities for high energy physics, although it has a big stake in the giant 400 GeV proton synchrotron now being commissioned in Geneva. Britain has abandoned plans for a new radio-telescope, but plans to spend about £4m. moving its 98-inch Isaac Newton optical telescope to a new location in the Canaries, as the first step in creating the long-desired Northern Hemisphere Observatory.

Biggest of the projects in hand is the nuclear structure facility under construction at Daresbury, Cheshire, where a 20m. volt Van de Graaf accelerator will provide a higher voltage than is available to scientists anywhere in the world.

The Science Research Council has a total of seven major projects under consideration at present, less than half the number before the council a year ago. Even so, indications are that it *will be unable to find* the resources—estimated at £74m.—to support them all. Thus for the first time it is finding itself unable to back all the science *it* believes Britain could and should be doing.

Quantity not quality?

How will the physicists take such setbacks—setbacks Sir Sam himself has described as "catastrophic"—to their hopes and proposals? Will they accept them with resentment, as Dr. Denis Oliver, research director of Pilkington Brothers—a company with a worldwide reputation for innovation—has recently suggested they might: "a resentment that depresses the quality, the utility and the value of the research that is done"? Or will they accept the possibility that "the imbalance of our past research expenditure has arisen because we have put quantity before quality, *consolidation before advance,* the security of continuing the known before the risk of challenging the unknown"?

Whichever course the physicists adopt, it could have profound consequences for British science. The subject is one which cries out to be monitored by the Advisory Board for the Research Councils, which to quote its chairman has, in its brief but stormy four-year existence, yet to get beyond discussing logistics and seriously debate the quality of British science.

MEN AND MATTERS

Leyland gathers its veterans

There is a story that the General Motors' high command once sent round a stiff memo to the effect that the company would never get itself involved in the expensive business of car museums. But middle management had the last word. It set up a building full of what were disingenuously called "experi*mental prototypes.*"

British Leyland, which opened its own historic vehicles display at Castle Donington, near Derby, yesterday, has gone to the other extreme. The new organisation's Board includes both Alex Park, BL's chief executive, and Ron Lucas, the group's long-serving secretary.

It also has the backing of Tom Wheatcroft, a well-known local builder of considerable wealth, who is a racing fanatic. If it had not been for Wheatcroft, indeed, the project might never have got off the ground, for he had already established his own racing car museum site at Donington and has rented space to Leyland at what is reputedly a very generous rate.

Leyland will get some of the proceeds from admission charges, and reckons that, along with judicious hiring-out of its vehicles for special display, it will be able to make the project pay for itself. When Leyland announced the Castle Donington project earlier this year, it valued the vehicles in its display at £1.3m.

At any rate, Park was yesterday insistent that the taxpayer will not be underwriting the venture: and if the adjacent Donington Park racing circuit, in which Wheatcroft claims to have sunk £1.6m. in the past four years, returns to operation again as a Grand Prix site, the museum could clearly pull-in a great deal of trade.

Lucas, the great survivor on the BL Board, who has seen several managements come and go since his early days at BMC, at least believes it is an appropriate place to spend some of his own time. "After all," he says, "I'm the greatest veteran in the company."

Over to Etheridge

Detective Chief Superintendent Kenneth Etheridge has been doing a bit of recovering lately. He deserved to: for 18 months he was working on the John *Stonehouse case, which in*volved him in two visits to Australia, including the final round trip to bring back the errant MP, and in seeing the trial through.

Now after a short break, back to less exotic surroundings, Etheridge is the officer leading investigations into alleged exchange control offences involving a Bank of England official. Until this week, the inquiry had been conducted by a team from the Treasury. But it was handed over to the Director of Public Prosecutions, who in turn called in the Fraud Squad, less dramatically and more exactly known as Scotland Yard's com*mercial branch.*

The Bank of England has said it "welcomes any move which will assist in bringing the investigation to a satisfactory conclusion," and stated that the official concerned in the inquiry was still performing "normal banking duties."

Etheridge is in charge as head of the commercial branch's special inquiries section. Both Scotland Yard and City of London fraud work comes under a Metropolitan deputy assistant commissioner, but a natural rivalry persists to some extent and I gather there have been a few grumbles among senior City officers at the make-up of the four-man team led by Etheridge: it includes a detective sergeant from the City squad.

Secret games (1) . .

Debenhams, after a number of false dawns, is now firmly on the recovery track in profit terms, and having got its department store image (and stock controls) more or less to its liking, it is now developing the group image in other respects. One area of expansion in the group's stores is in sporting and leisure goods, and to complement this Debenhams is gradually moving into sports *sponsorship*—at a time when many major sponsors are pulling out.

The department store group is, however, opting more for grass roots sponsorship—which encourages growing sports and emergent players—than for the ultra-expensive business of sponsoring prestige events in glamour sports such as tennis and golf.

All this is in line with a relatively new area of *Debenhams'* activities: health clubs and leisure complexes. The first health centre was built in the group's head office in London to exploit unused space, proved highly successful, and another has since been opened in Norwich. Currently plans are in hand to build sports and leisure centres in other group properties surplus to the department store operation.

In Manchester, for example, there is an application for planning permission to build a complex with two health clubs, 12 squash courts, four badminton courts, a swimming pool, and other sporting and conference facilities. Similar developments are under consideration for several more cities around the country including Southampton and Bristol.

Current sponsorships include next year's first junior Australian Test Cricket team and Debenhams has also answered Tony Greig's call to try to find some new young fast bowlers for England: around 100 players applied, and Debenhams will pay their expenses to have a try-out at Sussex.

The latest venture is in athletics: the Debenhams International Games to be held at Crystal Palace a fortnight to-day. A sparkling field has been attracted, but Debenhams chairman Sir Anthony Burney and managing director Bob Thornton privately refer to the event as the Debenhams Secret International Games: although they thoroughly approve of the scheme it was all fixed up at less exalted level and everyone forgot to tell *them* about it until "rather late in the day."

Secret games (2)

I know that there has been increasing disenchantment among Americans about Henry Kissinger's diplomatic methods, but surely the International Herald Tribune is going a bit far. The first sentence of an article about his views on current problems in Africa begins: "Secretly of State Henry Kissinger . . ."

Observer

Four manufacturers will be competing strongly for the new generation of aircraft engines. **Michael Donne** reports.

A profits fillip for Rolls-Royce (1971)

BEHIND THE scenes at next week's Farnborough international air show much of the discussion is likely to be concentrated on determining what the new civil aircraft programmes will be over the years ahead. Most of the attention so far has been concentrated on the airframe side of the business—whether the new types will be short or medium range, narrow or wide-bodied, twin-engined or three-engined, and what international groups will be involved. Less has been heard about the engine situation, largely because until the airlines themselves have decided what they want to buy, the airframe makers cannot tell the engine builders the kind of power-plants they want to fit into their designs.

While the future pattern of engine demand remains fluid, however, there is no doubt about the size of the prospective market. Rolls-Royce (1971), for example, estimates that between 1980 (when the new generation of engines is likely to be first wanted in service) and 1990, there will be a world requirement for over \$35bn. (£20bn.) of new engines and spares in the "big engine" market alone—for engines of the Rolls-Royce RB-211, General Electric CF-6 and Pratt and Whitney JT-9D class of 40,000 lbs. thrust upwards, together with any new derivatives that may emerge.

In addition, there will be a market of considerable size, in the so-called "ten-tonnes" thrust field, for engines between 22,000 lbs. and 32,000 lbs. thrust for short to medium range airliners that are likely to account for as much as 50 per cent. of all airline purchases up to 1990.

Beyond this a further market is likely for a new generation of engines—for smaller airliners of about 100-120 seats or even up to 160-180 seats—the extent of which no-one has yet assessed.

Collectively these requirements are likely to involve expenditure by the world's airlines of well over \$40bn. on engines and spares up to about 1990, a market which will be bitterly contested by the four main engine manufacturers—Rolls-Royce, General Electric, Pratt and Whitney and Snecma of France.

In the "big engine" market, the battle will continue to centre round three engines—the RB-211, the CF-6, and the JT-9D—since no other engine company is likely to be able to afford, or to even want, to get into this field with another competitive engine.

Assured

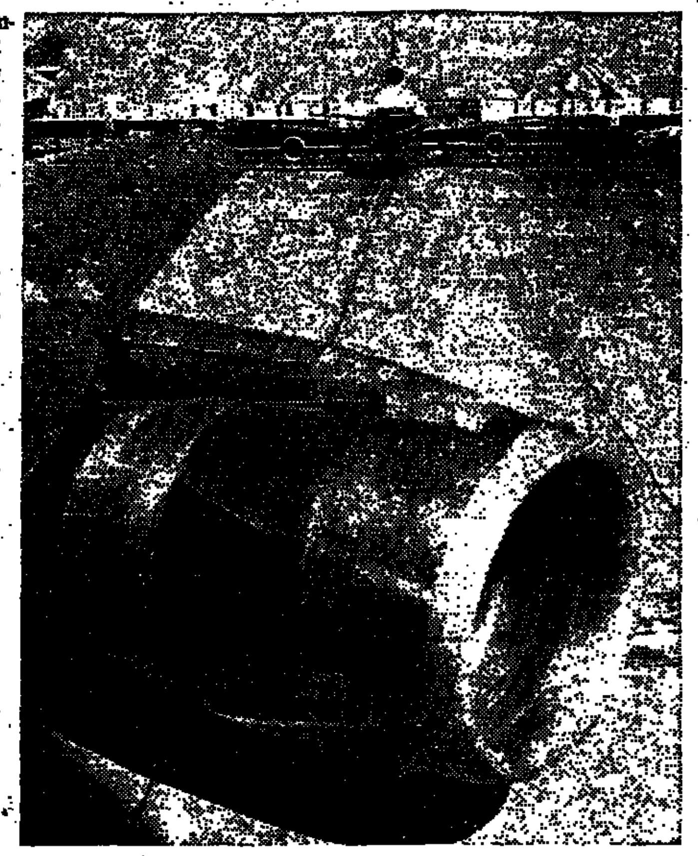
As a result, it seems clear that the RB-211, in both its Dash 22 B version and the uprated Dash 524 variant of 50,000 lbs. thrust, is now set for a very long run in the Lockheed TriStar and the Boeing 747 Jumbo jet. Orders for over 760 RB-211 engines have already been placed (including engines in the recent British Airways order for six of the new long-range Lockheed L-500 TriStars with Dash 524s), of which some 540 have already been delivered, worth over £420m. including spares and overhauls. Rolls-Royce says the U.K. Government is thus already assured of profits on its original investment in this engine.

The company, for example, is now making profit payments on production of RB-211 Dash 22 engines to the Government, which will receive £50m. for the first 555 RB-211s. This compares with the original forecast in 1971 of a loss on those engines. The Government will continue to receive a return from the RB-211 after the 555th engine has been sold. It will be achieved through a levy of 7 per cent. of the selling price of each additional engine.

Similarly, the Government will get a return on the development funds it has put into the uprated version of the engine, the Dash 524. The launch costs of the Dash 524 are estimated at £80m. up to 1979, of which Rolls-Royce is contributing £45m. and the Government the rest.

Substantial further orders for TriStars and Jumbo jets are foreseen through the 1980s, as world air transport expands at the anticipated annual rate of about 8 per cent., and Rolls foresees a market for a 53,000 lbs thrust version of the RB-211. McDonnell Douglas has suspended its plans to put the RB-211 into its DC-10 following British Airways' decision to buy the rival long-range L-500 TriStar. But Rolls has not given up all hopes of an eventual RB-211-powered DC-10, and feels that sooner or later a market for that airframe/engine combination is likely to emerge. In anticipation, all the work already done is being kept "on ice," so that it can be resuscitated swiftly if necessary.

In the short-to-medium-range field, the engine outlook remains much more uncertain, with a wide variety of options being explored to meet possible airline needs. This parallels the airframe situation, where the options are just as varied, and no firm programmes have yet been established.



An RB-211 Dash 22B in a Lockheed TriStar.

The most critical question here seems to be what will Boeing do with its proposed 7X7 and 7N7 plans for new jet airliners, the most important of which is a medium-range 200-220-seater. But Boeing still has to make up its mind whether this will be a twin-engined or three-engined aircraft, and the decision in turn depends on airline attitudes, especially in the U.S., which Boeing is still exploring.

The eventual airline/Boeing decision could be vitally important for all the engine-makers. If the airlines want—and Boeing builds—a twin-engined, medium-range airliner, the power plants could be in the existing "big-engine" class of over 40,000 lbs thrust, so that the market could be met by the existing RB-211, CF-6 and JT-9D.

If, however, the airlines show a marked inclination for a three-engined airliner, the power plants would need to be somewhat smaller, in the 26,000-32,000 lbs thrust class.

This requirement could be met in two ways—either by producing a lower thrust derivative of the existing big engines or by building an entirely new power plant.

Both these solutions are being explored by all three of the big engine makers. Rolls-Royce is preparing proposals for a "derated" version of the RB-211 of about 30,000 lbs thrust, while Pratt & Whitney and General Electric are similarly offering lower-thrust versions of the JT-9D and the CF-6.

At the same time, however, Rolls is discussing with Pratt & Whitney possible collaboration on a new engine, the JT-10D, which is being aimed specifically at the medium-range airliner market, and could be used in any three-engined design that may emerge. The JT-10D began as a 22,000 lbs thrust engine, but is being progressively uprated to meet changing airline needs, and is now around the 28,000 lbs thrust class, and may go higher. The Rolls-Pratt & Whitney collaboration plan so far discussed envisages the U.K. company having 34 per cent. of the JT-10D if that engine goes ahead, with Pratt & Whitney having 54 per cent. and the rest allocated: 10 per cent. to Motoren und Turbinen Union and 2 per cent. to Fiat.

Discussions

The bill for Rolls-Royce's participation in the JT-10D could amount to about £150m., about the same as it would cost to develop a derated variant of the RB-211 for the medium-range requirement. Rolls-Royce is prepared to go either way, and is continuing discussions on possible collaboration with Pratt & Whitney on the JT-10D while working on its proposals for the derated RB-211. It must follow both lines of attack at this time, because like the other engine makers it cannot afford to be left out of the big medium-range airliner markets of the future. Whatever course it ultimately follows, of course — JT-10D or derated RB-211 — depends entirely upon the way the market moves. What the airlines want will dictate the type of aircraft Boeing will build.

The outcome may not be known until some time in the first half of next year. Boeing is planning to undertake a radical study campaign among the world's airlines this autumn, backing up its extensive researches over the past few years into future airliner requirements. It will be taking with it the engine proposals from all the manufacturers, and hopes it will be able to clarify its own thinking on its new aircraft some time around the spring or early summer. By that time, too, the world's airlines will be able to see whether the recession of the past three years really is over, and better gauge their future fleet requirements. These factors will help to clarify the future engine programmes.

The other contender in the medium-range aircraft field for the future is the McDonnell Douglas DC-X-200, a large twin-engined airliner that will be able to use any of the current generation of big-thrust engines. Therefore, although the RB-211 is not now going into the DC-10, it still stands a strong chance of getting into the DC-X-200.

The other new engine now on offer is the Franco-U.S. Snecma-General Electric CFM-56. But at about 22,000 lbs. thrust this is too small for the DC-X-200 and also for the Boeing 7X7. It is being used for the French Mercure 200 airliner, a 176-seater, however, and it is likely to find its biggest market in the 100-200 seat class of airliner that is also expected to be needed in the future.

Mainstay

In this area, there appears to be an emerging demand for an engine in the 16,000-22,000 lbs. thrust class—in effect a replacement for the Rolls-Royce Spey, which is currently widely used in such aircraft as One-Elevens, Tridents and F-28s, and which has been, and still is, one of Rolls-Royce's business mainstays. (Over 4,300 civil and military Speys have been built.) The CFM-56 is in the top end of this bracket, and it is possible that Rolls-Royce itself might find it worth while to get into this market.

No one really knows just how much all these engine developments will cost, but it seems reasonable to suppose that no single manufacturer will be able to undertake all of them alone. Thus, a substantial measure of international collaboration is inevitable. Already some arrangements have been cemented (Snecma and GE on the CFM-56) and others are being discussed (Rolls and Pratt and Witney on the JT-10D).

These, however, may not be the final answers. It is for this reason that one of the main topics for discussion behind the scenes at this year's Farnborough will almost certainly be what pattern of partnerships will emerge in the months ahead.

Letters to the Editor

The blame for Notting Hill

From Mr. G. P. Murden

Sir,—In his article on the Notting Hill disturbances (September 1) Mr. Joe Rogaly states that wishy washy liberalism, in which the vandals are described as the victims, is out of place in any sensible discussion of these incidents. Very true, yet later in the article he suggests that it might be appropriate to turn a blind eye to the petty crimes involved, in the interest of better relations with the West Indian community. If that suggestion is not a prime example of wishy washy liberalism then perhaps Mr. Rogaly can think of one better!

We are told that the carnival attracts people from many parts but it also draws others bent on petty crimes of one form or another. I suggest that those who go to enjoy the undoubted entertainment the carnival has to offer have every right to expect that law and order will be maintained; we pay quite heavily for a police force for that purpose.

Mr. Rogaly might consider me as being on the far right when I say I am relieved at the sight of the uniformed police undertaking their duties. I am *not* provoked nor, I imagine, is the majority of people in this country.

We are offered a solution: it is the Government that must grasp the nettle! Westminster, apparently, must sort out the West Indian's bad housing, bad education, high unemployment, etc., etc. We have heard all this before in connection with many of our depressed and deprived cities and towns. Vast improvements have been made in these fields in post-war Britain; but crime, petty or otherwise, has not decreased; on the contrary, it has grown.

The nettle to be grasped is quite simple; a greater regard for law and order, and a greater respect for one's fellow citizens and their property.

G. P. Murden.
The Bield,
Park Lane East,
…te, Surrey.

Commercially minded

From Mr. J. Bingham Dore.

Sir,—Mr. Stevens' letter (August 28) rightly reveals the *need for new companies* prepared to invest in entrepreneurial management capable of profitable innovation.

I share Mr. Stevens' experience of finding little shortage of new product designs and innovation. But, in my view, there is a real shortage of commercially viable new product designs.

I also share Mr. Stevens' view that "the technologists are seldom commercially minded." But should they be? I think it usually inadvisable to try to make the technologist commercially minded. He should be concentrating on being a technologist, albeit developing new products within a market/marketing specification.

If entrepreneurial management is going to be successful it should include someone skilled in obtaining information on the nature and potential of the market for the new product and someone (hopefully the same person) who knows how to market the new product. Alternatively, someone from outside could be used to advise on these aspects.

Understandably, organisations like TDC have strict criteria for funding venture capital, and these criteria make eligible only a small proportion of projects. This, and the shortage of market information and marketing capability are perhaps the major reasons why not enough new companies are started to help foster the industrial growth of this country.

TDC is concerned with industrial and technologically-based products and, understandably, encourage the setting up of technologically-based companies. This *is fine, as far as it goes,* and TDC has a high reputation; but there is a real need for commercial/marketing companies to energise profitable innovation over a much wider range of product areas, including consumer products. Ideally such companies should have sufficient resources to back new products which have already been market researched. *Failing this, such marketing* companies should have links with providers of venture capital to whom they can "sell" projects, not only on a technical/product basis and a financial plan, but also on the basis of a thorough market assessment and marketing plan.

J. Bingham Dore,
Director,
Product Systems.
105, Onslow Square, S.W.7.

Industry's thirst

From Mr. Norman Jenkins.

Sir, — Adrian Hamilton's admirable survey of "Britain's Thirsty Industry" omits consideration of the part played in consumption by what is probably the largest single unit — electricity generation by the CEGB and the SSEB.

In consideration of combined heat and power by these two authorities no allowance is made for the saving in water used when single-purpose generating stations are displaced. Neither, for that matter, is there any allowance made for the electricity replaced by hot water. These *comparisons* are never made comprehensively, like with like.

The very large use of water in electricity generation does not permit recycling when so much is evaporated to atmosphere and more will be lost when the newest cooling towers are in service. These use giant fans consuming megawatts of electricity solely to dissipate even more heat — and water — into the atmosphere.

Not content with such devices, the industry is planning in terms of generating units ten times the size of the present layout — 20,000 MW "energy parks" dissipating at least 40,000 MW of heat from each at a cost in fuel for the waste alone of £800m. at to-day's average rate of £20 per ton. The cost at time of engineering completion doesn't bear contemplation, and as for water there aren't, apparently any estuaries available large enough *to supply* the water. Rivers, thankfully, are ruled out on sheer volume requirements. Who says combined heat and power is uneconomic?

Norman Jenkins.
Whitehill, Ewshot, Farnham, Surrey.

Thirsty old Doris and me

From Mr. Vivian Ellis.

Sir,—As a regular reader and admirer of Robin Lane Fox (who long ago should have been appointed Minister of Horticulture by any shade of Government *from pink to forget-me-*not), I can confirm his association with Doris in his gardening article of last week (August 25).

Doris never lets a man down. Other pinks may dry up in a drought but not Doris. And by taking cuttings from what was once a single specimen in a pot, she has borne dozens of children and grandchildren.

All these cuttings require is a certain amount of protection from sun and some recycled washing-up water without bleach. So much for Mr. Howell's orders to "let the flowers die."

Vivian Ellis.
Holnicote,
Near Minehead, Somerset.

A gift of nature

From Mr. N. A. Bilitch

Sir,—Until I read Messrs. Brady and Tame's letter (September 1), I had always assumed that water, like fresh air, was a gift of nature, and as such freely available for everyone's use. My belief did not suppose that it would be collected and distributed to my tap free of charge. All Sir John Arbuthnot was saying is that the cost of providing household water is, for the most part, accounted for as a fixed capital cost; introducing metering would involve a large increase in staffing and other costs, thereby at least doubling the cost of supplying water to the consumer. How many more functionaries do Brady and Tame wish to place on the backs of the long-suffering public, which the *introduction of metering* would bring about?

If anyone's economics is of antiquated origin, the ignorance does not stem from the sensible case put by Sir John. Brady and Tame should re-name their organisation The Radical Antiquarian Alliance. With free market friends such as these, who needs Left-wing loonies for *enemies?*

N. A. Bilitch.
6, Rusholme Road,
Putney, S.W.15.

Miracle worker

From Mr. G. N. Vecsey.

Sir,—No sooner has Mr. Denis Howell been given the job of special co-ordinating responsibilities for the drought—the drought is over.

Could he not now be appointed as a Minister of Unemployment?

G. N. Vecsey.
Graemesdyke Cottage,
Graemesdyke Avenue,
London, S.W.14.

Indexed excuses

From Mr. W. Grey

Sir,—The latest crop of proposals for a new breed of floating-rate/variable-coupon or inflation-indexed Government stocks inspires, in one of your readers at least, the same "gut reaction" as the Houghton Committee's minority report has, with your blessing (August 27), evinced against that committee's own proposal for State financial aid to the political parties.

Like such other famous shock-absorbers as floating exchange rates and now, once the experts can agree on any one of its 57 varieties, inflation accounting, these are essentially a feather-bedding device, this time with the avowed aim of giving first aid to the Government itself. Like them, too, they are well-intentioned and, of course, claimed to be in the public interest. In the hands of those already all too ready to indulge themselves, all nevertheless are, or could be, the very devil.

While the old-fashioned virtue of self-discipline has been sadly devalued along with much else, gimmicks for cushioning the effects of our much-vaunted emancipation abound. If sweeping inflation under the carpet is the name of the game, why not, cynics might argue, index the lot and be done with it?

W. Grey.
12, Arden Road,
Finchley, N.3.

Saintly sea changes

From Mr. H. M. Stewart.

Sir,—As Mr. Ralph Instone pointed out in his letter published on September 1, Thorn Electrical Industries may have *desanctified Saints John and* Paul and changed the sex of the latter in referring to the Venetian church of "Giovanni e Paola." But the Venetians themselves seem to suffer some confusion, regarding the saints as Siamese twins or even as one and the same person; the local popular name for the church is San Zannipolo, presumably the *Venetian dialect form of the* French Jean-Paul.

H. M. Stewart.
Maresfield,
Beech Waye,
Gerrards Cross, Bucks.

A question of degree

From the Chairman,
Gresham Lion.

Sir,—I was very encouraged to read Michael Dixon's excellent article (August 28) "A Question of Degree" and sincerely hope that Government and ambitious parents will come to realise that *the time and money wasted on* irrelevant degrees are a major cause of the country's poor economic performance and the discontent among our brighter young people.

The need to improve marketing of our products and services particularly for export is vital to increasing employment and the use of our surplus manu*facturing capacity yet we see* that only about 1 per cent. of university graduates find employment in marketing. We are told of the need to improve our manufacturing efficiency yet only around 3 per cent. go into production while 22 per cent. are shown to go for further academic studies and lecturing where they continue to be a burden on the *taxpayer for the rest of* their lives while misleading our Government with academic advice and our youth with irrelevancies which prevents them from relating with the realities of life.

When will our Government recognise the disastrous consequences of the present education system?

J. P. Coleman.
Gresham House,
Twickenham Road,
Feltham, Middlesex.

Self-employed excluded

From Mr. R. A. Woolf.

Sir,—Mr. A Mackay's letter (August 31) mentions that one can get free—or partially free—treatment in EEC countries by filling up the form required. But if you are self-employed you are not eligible even to receive form E111. Could someone tell me why the self-employed are excluded?

R. A. Woolf.
58, Royston Park Road,
Hatch End, Pinner, Middlesex.

To-day's Events

GENERAL

Dr. Henry Kissinger, U.S. Secretary of State, arrives in London. To-morrow he meets Mr. Anthony Crosland, U.K. Foreign and Commonwealth Secretary, before flying to Zurich for week-end talks *with Mr. John Vorster,* South African Prime Minister, on the southern African situation.

Prime Minister continues tour of North West England—*expected meeting with Lancashire* textile leaders to hear their case for temporary restrictions on imports of some cotton yarns and fabrics.

"Switch Off Day"—Thames Water Authority emergency water regulations for its area in London—comes into operation.

Counting begins on ballot of the National Union of Seamen to take industrial action on pay policy.

Last day of United Nations symposium on use of solar energy.

Annual meeting of British Association for the Advancement of Science continues in Lancaster.

International Congress of Genealogical and Heraldic Sciences continues at Imperial College, S.W.7.

OFFICIAL STATISTICS

Central Statistical Office quarterly figures for public sector borrowing requirement and details of local authority borrowing.

COMPANY RESULTS

Bowater Corporation (half-year). Derek Crouch (Contractors) (half-year). Tebbitt Group (half-year).

COMPANY MEETINGS

Associated Leisure, The Dorchester, W., 11.45. Brown Boveri Kent, Connaught Rooms, W.C., 12. Carrington Investments, Birmingham, 11.30. Crowther and Nicholson, Huddersfield, 3. Davenport Knitwear, Leicester, 11. Hallite Holdings, Walton on Thames, 12.15. London Sumatra Plantations, 1-4, Great Tower Street, E.C., 11. Pilkington Bros., St. Helens, 2.30. Richards of Sheffield, Sheffield, 12. Slater Walker Securities, Winchester House, E.C., 11.30 (to be adjourned).

CONFERENCE

English-Speaking Union—World Members' Conference continues at Churchill College, Cambridge. Speakers to-day include Lord Carrington and Mr. Roy Hattersley.

EXHIBITIONS

Landscapes from The Royal Collection, The Queen's Gallery, Buckingham Palace.

London Postmarks (1840-1912), Gibbons Gallery, 399, Strand, W.C.2.

COMPANY NEWS + COMMENT

£42m. from BET: second half upsurge

TURNOVER for the year to March 31, 1976 of The British Electric Traction Company increased from £378.96m. to £437.13m., and pre-tax profit advanced from £37.75m. to £42.06m., after a marginal increase from £19.47m. to £19.52m. at half-way.

Earnings per 25p Deferred share rose from 8.3p to 9.9p, before extraordinary credits £1,004,000 (debits £492,000) and the dividend is stepped up from 4.247p to 4.633p net with a final of 3.253p.

	1975-76 £000	1974-75 £000
Turnover*	437,130	378,961
Trading profit	45,344	41,175
Investment income	4,846	4,912
Associates	2,478	2,460
Interest charges	10,609	10,815
Profit before tax	42,060	37,752
Taxation	23,220	21,202
Net profit	18,840	16,550
Minority interests	4,655	4,665
Net balance	14,185	11,885
Extra. credits	1,004	†492
Attributable	15,189	11,393
Dividends	6,792	6,126
Retained	8,397	5,267

*Excluding investment income and turnover of associates. †Debits.

● comment

BET is up 11 per cent. pre-tax thanks to an impressive second half which pushed profits ahead by more than a fifth. The background to the performance is much as anticipated. The TV rental side continues to provide the main impetus, contributing just over a third of total profits, and the laundry and joinery operations are also ahead. So too is the transport side. But mining and quarrying has edged into losses up to around £3m. pre-tax and TV contracting has again moved lower. This year BET's earnings should continue to grow and could just possibly top as much as a point off a p/e of 6.8 with the shares up 4p to 71p yesterday. Meanwhile, yield is 10½ per cent. and covered 2.1 times. And the group balance sheet is as strong as ever.

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Crane Fruehauf in profit

ANNOUNCING a turnround from a loss of £297,000 to a pre-tax profit of £407,000 for the 26 weeks to June 26, 1976, the directors of Crane Fruehauf, trailer and container manufacturers, say they expect a result "substantially ahead" of this in the second half. Profit for the year to December 27, 1975, was £111,000.

The commercial vehicle market in the U.K. remained depressed in the first quarter of 1976, but since then it has picked up to levels in excess of the same period in 1975. Group first-half turnover expanded from £14.72m. to £20.66m.

The biggest improvement was in high volume trailer activity.

The directors say there is every indication that the improvement in U.K. demand will continue and grow during the rest of the year.

During the difficult period of the last 18 months the basic structure of the group was maintained and it is ready to exploit this upswing to the full. At the same time, development of overseas markets goes ahead.

The net interim dividend is stepped up from 0.45p to 0.495p per 10p share. Last year's total was 0.88679p.

	Half year 1976 £000	1975 £000
Turnover	20,659	14,718
Operating profit	536	*251
Loss currency exchange	129	46
Profit before tax	407	*297
Taxation	279	†151
Minorities	17	41
Attributable Ord.	111	*157

* Loss. † Relief.

The £129,000 charged on exchange relates to the group's Eurodollar loan. That borrowing has now been refinanced with the group's bankers in sterling on a term loan basis. Consequently, further losses due to any additional fall in the value of the pound will be avoided.

The number of employees in several operating companies has been increased since the beginning of the year.

● comment

The first stages of the recovery seen by Crane Fruehauf in the closing months of 1975 have been confirmed by the latest figures. At the operating level interim profits are only 3 per cent. higher than the previous six months, but the recovery in U.K. demand did not really get under way until this spring. Currently the main trailer plant is working at twice the level of the depressed period last year. Elsewhere export growth has steadied down after last year's surge, reflecting a less marked expansion in Iran. Overall full-year profits should be capable of topping £1m. pre-tax, dropping the prospective p/e on the shares at 19p to 6 (on a normal tax charge), while the maximum yield of 8.1 per cent. would be covered over three times. One less promising result of the higher level of activity is an increased level of borrowing. Against last December's debt of £3¼m. the current figure is £1m. to £1½m. higher.

Morris & Blakey midway fall

PROFITS before tax of Morris and Blakey Wallpapers fell from £209,551 to £101,463 in the first half of 1976, but the chairman, Mr. A. G. Morris says that trade picked up considerably in August, and if this trend continues, the second six months are expected to show an improvement.

Turnover in the first half was up by 12 per cent. to £3.67m., but this was not enough to compensate for increased overhead costs, the chairman states.

The net interim dividend is held at 1.75p—last year's total was 4.11p, from pre-tax profits of £379,405.

The half-year tax charge is £52,761 against £108,967 leaving net profits at £48,702 compared with £100,584.

CONSOLIDATED MURCHISON LIMITED

(Incorporated in the Republic of South Africa)

PROSPECTING OF ANTIMONY LINE

In November 1975 the Company announced that it had discovered antimony-bearing rocks outcropping on surface in one particular area. Reference to this occurrence was also made in the 1975 annual report.

Examination of this occurrence has now been completed and the Company's technical advisers have informed the Board that they consider the occurrence to be of no economic importance.

Prospecting of other areas of the antimony line continues.

By order of the board
Anglo-Transvaal Consolidated Investment Company, Limited
Secretaries.
per: J. S. de Waal.

London Secretaries:
Anglo-Transvaal Trustees Limited,
295 Regent Street,
LONDON W1R 8ST.
2nd September, 1976.

Registered Office:
Anglovaal House,
56 Main Street,
JOHANNESBURG.

Provident Financial advance

TURNOVER for the first half of 1976 of Provident Financial Group increased from £57.21m. to £67.54m., profit advanced from £2.38m. to £2.81m. subject to tax of £1.46m., against £1.24m.

The directors state they are confident that provisions for bad debts and slow payers are fully adequate, and that they have more than sufficient funds to meet demand for credit in the foreseeable future.

Provided there is no further deterioration in customers' employment prospects, the directors expect to return this year to the traditional pattern in which the second half-year provides the greater proportion of the profit for the year. For the year 1975 profit was £4.58m.

The interim dividend is raised from 1.3125p to 1.4437p net per 25p share costing £558,027 (£507,262). Last year's total was 3.9665p absorbing £1,533,151.

Against a background of continued strict credit control, the issue of new credit in the half-year is 18 per cent. more than for the corresponding period in 1975. The greater proportion of this turnover is restricted to shorter term transactions which reflect the economic uncertainties which face customers and which increase the rate of turnover of funds in use.

Average borrowings are reduced by almost 30 per cent. compared with the first half of 1975 and interest charges reduced from £5.364m. to £3.432m.

● comment

The main influence on the profits of Provident Financial—up 18 per cent. pre-tax—has been the shortening of the length of credit given. This has made turnover rise without any corresponding increase in the total outstanding debt. In fact, the latter has continued its fall with a beneficial effect on the company's borrowings and the interest charge is down by a full £1.9m. On the other hand, the move to a shorter lending book has also meant less deferred revenue to bring forward from the previous year, which has restrained profits' growth to £0.4m. Following the recent period of retrenchment, the company is looking for steady recovery. The problem is that continued unemployment and the parlous condition of personal incomes do not form a good background for an increase in sound lending. The shares rose 3p yesterday to 40p, encouraged by the first dividend increase for two years. The prospective yield is 11.5 per cent.

Pitman target is £1m.

ALTHOUGH NOT attempting a real forecast for the current year, Mr. Hugh de Beauchamp Lawson Johnston, chairman of Pitman reports that "all continues to go well."

The next target, he says, is to exceed the £1m. mark in pre-tax profit, and he sees no reason why this should be unattainable.

As known pre-tax profit increased from £336,000 to £541,000 in the year to March 31, 1976.

The company operates as publishers, printers and proprietors of colleges.

Meeting Pitman House, 39-41, Parker Street, W.C., September 24, at 11 a.m.

MAM's new earnings formula

The formula by which Management Agency and Music, the entertainments group, participates in the overseas earnings from live performances by singing stars Englebert Humperdinck, Tom Jones and their manager, Mr. Gordon Mills, has been simplified.

Whereas before MAM's entitlement was based on the number of days worked overseas, and it benefited only above 90 days per annum, the group will now receive a fixed percentage of the gross earnings which accrues to Ebostrail, a separate company which has exclusive rights to the stars' earnings from this source. Ebostrail is owned by two directors of MAM, Mr. W. L. L. Smith and Mr. D. A. Landau.

MAM's earnings will thus start from the first day of overseas working and "will be affected much less dramatically in the event of any artist being unable, through illness or otherwise, to work in excess of 90 days."

Stoddard recovers to £0.8m.

A RECOVERY in profits before tax from £287,000 to £874,000 is reported by carpet makers Stoddard Holdings for the year ended May 31, 1976. First half profits had risen from £399,000 to £403,000.

Earnings per 23p share before tax are up from 6.9p to 21.6p and from 3p to 9.8p net. The final dividend is 1.40767p making a maximum permitted total of 2.34607p compared with 2.13282p previously.

The chairman, Sir Robert A. Maclean, says that in a period of quiet demand for carpets in the home market the group increased U.K. turnover by 15 per cent. and overall turnover by 28 per cent.

The group's sales effort in overseas markets has been maintained, achieving over £5m. in export sales, representing an increase of 68 per cent. over last year which itself was a record.

However, it should be realised that a proportion of this increase is a direct result of sterling devaluation and that an increase of 50 per cent. over last year would be a more accurate guide, the chairman says. The Australian and German subsidiaries in particular increased their turnover by 36 per cent. and 113 per cent. respectively, and it will continue to be the group's policy to break into ever widening overseas markets wherever the opportunity arises. A further investment of £562,000 in new plant reflects the group's intention to secure its future in a highly competitive industry by the progressive introduction of the most modern plant obtainable, Sir Robert states.

Planned financial retrenchment during the severe downturn in trade in 1974/75 together with the substantial profit recovery this year and a policy of financing new plant mostly by way of medium term loans, enabled the financing of an increase in working capital of £1.2m. in support of increased sales.

Although this has necessitated an increase in short term borrowings of some £300,000 the group continues to operate with substantial reserve facilities still available to it.

● comment

During a poor year for carpet sales, the 28 per cent. increase in turnover at Stoddard Holdings is a remarkable performance. Exports have grown by a half even if sterling's fall is left out of account, while the market share in the U.K. has been increased. The sales performance is based on groundwork in foreign markets which began several years ago and, now that start-up costs are largely over, is proving highly worthwhile. U.K. sales have been buoyed by an increase in product range, while the company has successfully resisted the temptation to cut margins. Stock control has helped to reduce interest costs, so that a 30 per cent. improvement at the trading level has been translated into a 93 per cent. improvement at the pre-tax level (excluding exchange gains on foreign assets). There is still scope for more growth when consumer demand in the U.K. increases. Meanwhile, the export sales make the yield of 11.4 per cent. (covered 3.5 times) look sound enough for the shares at 33p.

£2.67m by Robt. M. Douglas

PRE-TAX profit for the year ended March 31, 1976 at Robert M. Douglas is slightly up at £2.67m. against £2.66m. A final dividend of 2.558847p net per 25p share makes a total up from 3.177795p to 3.4684447p.

The profit is struck after depreciation of £1.18m. (£0.96m.).

The tax charge is £1.36m. (£1.44m.) and there is an extraordinary credit of £156,922 (debit £93,784). Earnings per share are given as 18.3p (15p adjusted).

Dividend waivers amount to £33,149 (£29,337).

The group's main interests are in civil engineering and construction.

● comment

There are no surprises in Robert M. Douglas's unchanged preliminary figures. As expected, the volume of business was relatively static throughout the year with new orders becoming increasingly difficult to find. This trend looks like continuing in the current year, especially in view of the proposed cuts in Government spending, which is responsible for roughly 40 per cent. of the group's normal work load. However, as the group completes its old contracts, and as current working capital requirements decline, it is able to build up its liquid resources. Cash and short-term deposits now total more than £5m., against £1.4m. at the end of 1974-75. This should help the group to finance the expansion into overseas markets (particularly Saudi Arabia) which is now its main area of concentration and it must also leave it better placed than most other companies in the sector. The shares at 82p, where they yield 10.6 per cent. covered 4.7 times, on a p/e of only 3 therefore have plenty to be said in their favour.

Sir Rowland Wright, chairman of Imperial Chemical Industries, which yesterday reported first-half 1976 profits £90m. higher at £241m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Geo. Armitage ......int.	0.79	Oct. 1	0.72	—	1.58
British Electric Traction	3.25†	Oct. 22	2.85	4.65	4.25
British Petroleum ...int.	6.88	Nov. 4	6.25	—	17.99
Crane Fruehauf ......int.	0.5	—	0.45	—	0.89
Gripperrods	3.14(b)	Oct. 26	2.88	5.34	4.88
Intnl. Invest. Jersey int.	1.5(b)	Oct. 1	1.25	—	3*
Kleeman Industrial int....	1.8	Nov. 1	1.61	—	4.16
London Utd. Invest. int.	1.88	Oct. 19	1.72(a)	—	3.42
Lunuva ......int.	3.25	Sept. 30	2.95	3.25	2.95
Midland Educational	2.47	Oct. 20	2.11	3.84	3.49
Mixconcrete ......int.	1.15†	Oct. 22	1.09	—	2.4
Morris & Blakey ......int.	1.75	Dec. 31	1.75	—	4.11
Provident Financial int.	1.44	—	1.31	—	3.97
Thos. Robinson ......int.	0.66	—	0.6*	—	2.75*
Scottish Homes	Nil	—	0.38	Nil	0.38
Spong ......int.	0.43	Oct. 18	0.39	—	1.13
Stoddard	1.41	Nov. 17	1.25	2.35	2.13
Atlantic Assets	0.4	Nov. 22	0.4	0.4	0.4
Esperanza	2.95†	Oct. 26	2.48	4.55	3.98
Gen. Mining Finance int.	†90(c)	Oct. 22	90	—	210
Guinness Peat	5.28	Oct. 29	5.62	8.28	7.62
Hellenic and General int.	0.67	Oct. 15	0.67	—	1.64
ICI ......int.	8†	Nov. 11	6.95	—	11.82
Lyon and Lyon ......int.	1.13	Jan. 1	0.88	—	2.06
Matthews Wrightson int.	2.88(d)	Nov. 12	2.62	—	8.04
Robert M. Douglas	2.56	Oct. 6	2.35	3.47	3.18

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Interim prior to one-for-four rights issue. (b) Gross throughout. (c) South African cents. (d) Corrected.

Esperanza expands to £2.9m

PRE-TAX profits for the year to March 31, 1976 of Esperanza Trade and Transport, which has interests in international services and coper, are up from £2.75m. to £2.92m., after £1.08m. (£1.48m.) for the first half.

The final dividend is the maximum permitted 2.948p net per 12½p share on increased capital, making a total for the year of 4.548p (3.984p): earnings per share are 15.1p (12.9p).

	1975-76 £000	1974-75 £000
Turnover etc.	20,660	15,465
Pre-tax profit	2,920	2,751
Tax	1,264	1,368
Minorities	121	128
Extraord. credits†	239	62
Available	1,774	1,319

†Currency movements.

The pre-tax profit is made up of: international services £2.87m. (£1.62m.), copper and pyrites £0.27m. (£1.37m.), group expenses and net finance charges £0.27m. (£0.24m.).

The results include three months profits of Gellatly Hankey, acquired in January.

The directors expect that international services will continue to show substantial growth in the current year and will also benefit from the Gellatly acquisition.

Additionally, improved copper prices will make a greater contribution to profits, the directors state, and they expect the current year to produce record results.

● comment

The £1.1m. profits drop from Esperanza's copper mine has been more than compensated for by the fast-moving service division, and overall pre-tax profits are lifted by 6 per cent. The service division does take in a first-time contribution from the Gellatley Hankey acquisition, but this is only for three months and not a significant contributor to the £1¼m. profits increase. This year Esperanza is looking for further expansion from its service operations, and profits should show a very useful increase as the higher copper prices (currently around £830 a ton against an average of £580 in the year to March) helps mining operations. The shares—yielding 13.6 per cent. are unlikely to continue beyond 1980 but the group's other activities are now dominant, even given a recovery in mining profits. At 100p the market capitalisation is £11.4m., the p/e is 6.4 and the yield is 7.2 per cent.

Thomas Robinson ahead

REPORTING FIRST half profits before tax up from £129,076 to £288,442, the directors of engineers and machine makers, Thomas Robinson and Son say they are anticipating a satisfactory result for 1976.

The net interim dividend is effectively raised from 0.6p to 0.66p per 25p share. The final dividend recommendation will be dependent on the year's trading results and Government regulations in force the directors say, but it is expected that the total distribution will be the maximum permitted. The total last year was equivalent to 2.75p.

First half turnover increased from £2.1m. to £3.28m. The profit is struck after depreciation and interest received of £21,894 (£26,745) but before tax of £160,000 against £67,781. Pre-tax profits last year totalled £660,114.

The group's order intake continues at a satisfactory level and full demands on the manufacturing resources are assured for at least 12 months ahead, the Board states.

Mitchell Cotts to top £9.5m

FOR THE year to June 30, 1976 Mitchell Cotts of South Africa, a subsidiary of Mitchell Cotts Group, has reported a jump in pre-tax profits from R8.78m. to R14.12m.

Accordingly, Mitchell Cotts Group now anticipate that likely profit for its year to June 30, 1976, which was expected to be *not greatly dissimilar to last year's £8.03m.*, will now exceed £0.5m., subject to completion of various audits.

● comment

The news of the three-fifths rise in pre-tax profits of Mitchell Cotts' South African interests to about £1m. more than the £8m. the whole group produced in 1975 was clearly designed to give a filip to the shares ahead of full-year results due in early December. At 41p they are currently languishing near their year's low and at a 17p discount to their price last January. However, the shares — yielding an historic 11.3 per cent. —remained unmoved yesterday even at the prospect of an increased total dividend after the equivalent £3.4m. South African profits increase does not suggest much joy elsewhere in the group where losses are still being made in Belgium and Canada.

African Lakes jumps at halfway

PRE-TAX profits for the half-year to January 31, 1976, at the African Lakes Corporation has jumped from £232,789 to £458,764.

Active as traders and as planters of tea, rubber and other crops, and also in general trading and the motor industry, the company paid a final dividend of 4p net per £1 share for the year ended July 31, 1975, from pre-tax profits of £661,299.

Mr. B. S. Clemlnson, chairman, states that it is clear that net profit for the year will exceed that for the preceding year.

Turnover for the half-year increased to £2,580,612 (£1,470,106), and tax paid was £197,500 (£110,000).

WIGFALL

Henry Wigfall, retailers of TV sets, refrigerators and other household appliances, has postponed publication of the annual results until September 17, and the annual accounts until October 15. The delay has been caused by discussions concerning the possible sale of the group's mail order business.

Guinness Peat earnings up

ATTRIBUTABLE profit of Guinness Peat Group expanded from £2.73m. to £3.73m. in the year ended April 30, 1976. Turnover was down from £300.67m. to £268.64m.

Excluding banking, profit was up from £3.35m. to £6.27m. subject to U.K. tax of £1.91m. (£1.96m.), U.K. deferred tax of £0.44m. (£19,000) and overseas tax of £0.67m. (£0.89m.), leaving £3.25m. compared with £3.67m.

Banking profit, after provision for tax and transfers to contingency reserves, amounted to £0.97m., against £0.93m.

Interest on loan stock took £0.3m. (£0.32m.) and minorities £0.19m. (£0.13m.).

Earnings per 25p share, fully diluted, are up from 12.33p to 15.19p—dividend total is 8.2763p net (7.6225p) with a final of 5.2733p. It is the maximum permitted.

According to the directors the level of activity in commodity trading has increased although physical turnover is down owing to the lower level of commodity prices. This has been compensated by the increase in business in the "futures" markets not included in turnover.

Other broking and trading activities, and in particular Fenchurch Insurance, have made good progress. These favourable trends have continued since the end of the year, they add.

The merchant banking business of Guinness Mahon and Co. has continued satisfactorily throughout the year and the upward trend of its profits is shown in the increase in disclosed profits. Senior management appointments have been announced and to allow for further expansion of activities, the capital of the bank has been increased by £2m. which was paid up in cash on August 3, 1976. Following this the total capital and disclosed reserves of the bank now stand at £17.9m.

See Lex

whether this trend will continue beyond the current year since the group has to repay a £1.73m. bank loan in December 1976. A pre-tax total of around £1.35m., suggesting 16 per cent. growth in the second half, looks a reasonable hope for the full year and on that basis the shares at 47p on a prospective p/e of 6¼ and maximum yield of 8.8 per cent. looks reasonably valued.

ISSUE NEWS

New Tyndall fund

The Tyndall Group has formed a new unauthorised unit trust designed to provide investors with a vehicle for direct investment in the U.S. The fund—Tyndall American Stock Options (Sterling)—is an open-ended investment company based in Jersey but investment will be made in the Tyndall American Stock Options Company based in Bermuda, which was established by Tyndall earlier this year.

The Bermudian company invests directly in American stocks, primarily the blue chips, and the aim is to hold 75 per cent. of the portfolio in this manner. A liquidity of at least 5 per cent. will be maintained and the balance of the portfolio is used for trading in the Chicago option market. However, the intention is to use the option facilities on a conservative basis, primarily to change the portfolio balance, and not speculate in options.

The method of buying and selling listed options can change the balance of a portfolio in response to market conditions much quicker and far more cheaply than direct buying and selling of the actual shares. The company only deals in selling covered calls, that is where it holds the stock as distinct from "naked" calls where no stock is held. The performance since May shows a 3 per cent. improvement on the Dow Jones average.

The Jersey fund will be used as a feeder fund to the Bermuda fund using a multiple-dollar premium back-to-back loans and cash purchase shares. It is the objective that the performance of the Tyndall American Stock Option Fund (Sterling) will perform closely to that of the Stock Options Company.

The new fund is offering both accumulation and distribution shares at a price of £1 per share. The minimum investment £1,500 and subscription on September 16. The charges are 3½ per cent. initial and 1 per cent. annual.

NOLTON RIGHTS

Nolton Estates is proposing to raise about £240,000 by way of a two-for-five rights issue at 3p per share. This will involve the issue of 832,040 new Ordinary shares.

Proceeds of the issue will be used to provide further working capital and reduce borrowings.

For the current year the directors are forecasting a dividend of 2p per 25p share, against 1.9p to April 30, 1976 the group paid a total of 0.6577p per share, pre-tax profits of £160,462, before capital profits of £44,498.

Mixconcrete £0.46m. in first half

FIRST half (to May 31, 1976) sales of Mixconcrete (Holdings) were £12.83m., against £10.19m., and profit was up from £0.12m. to £0.46m. before tax of £0.24m. (£61,000).

The directors state that although activity in the construction industry is at a low level and is likely to remain so for the immediate future, results for the remainder of the year are expected to show "continued improvement."

"They point out that the first half figures show a considerable improvement even after adding back £0.2m. provided for exceptional bad debts in the previous year's comparable period.

As forecast the interim dividend is raised from 1.083525p to 1.145p net on capital increased by the one-for-four rights—total for 1974-75 was 2.393p from profits of £0.68m.

● comment

Mixconcrete's recovery appears to be running according to most expectations. Adjusting the previous year to a comparable basis, profits are 44 per cent. higher pre-tax. Sales volume must still be fairly depressed and most of the profits rise appears to have come from higher prices plus a significant drop in interest charges. Borrowings last year were cut from £3.3m. to £1.37m. and must now be considerably lower following the £0.97m. rights issue in March. The second six months could therefore see some benefit from interest credits, though it is doubtful

POLYMARK

In respect of the placing of Polymark International of 1,000 shares at 32p per share, valid applications have been received from shareholders for 285,000 shares—50.13 per cent. of the shares available to them. The balance of 1,071,442 shares will be allotted to institutional placees. Dealings will begin in the new shares Monday.

After the placing ICFC and one of its subsidiaries and funds that it manages will have a 14.59 per cent. stake in Polymark.

ICI ahead by £90m. in first six months

SECOND quarter profits of Imperial Chemical Industries in 1976 increased from £78m. to £126m., making £241m. for the half year, compared with £151m. in the same period of 1975.

First half sales were £1.96bn., some 31 per cent. higher than the first half last year. Sales in the U.K. increased from £636m. to £775m., and overseas sales rose from £855m. to £1.19bn. The FOB value of exports for the 1976 first half was £394m. (£284m.).

The Board states whereas the volume of sales in the U.K. in the second quarter was virtually unchanged from the first quarter, the recovery in overseas markets, including exports from the U.K., which was most marked in the preceding two quarters continued during the second quarter of 1976 though at a somewhat reduced rate.

Chemical prices obtainable worldwide do not fully reflect the continuing increase in costs, including those arising from the fall in the value of sterling.

A net interim dividend of 8p per £1 unit is declared on capital increased by a rights issue, compared with 6.9493p last year. As previously announced, the directors intend to pay dividends totalling 14.78035p for the current year against 11.8243p in 1975.

	First half 1976 £m	First half 1975 £m	Year 1975 £m
External sales	1,960	1,501	3,129
1st quarter	936	749	—
2nd quarter	1,024	752	—
3rd quarter	—	—	788
4th quarter	—	—	860
Depreciation	98	85	182
Profit before tax	241	151	321
1st quarter	115	73	—
2nd quarter	126	78	—
3rd quarter	—	—	61
4th quarter	—	—	109
Tax	101	61	130
Development grants	14	15	25
Extraord. debits	—	5	5
Minorities	11	9	24
Attributable ICI	143	91	187

Continuing previous practice, no part of the credit arising from the conversion into sterling of the net current assets of overseas subsidiaries has been included in the half year's results.

On the basis of the movement in exchange rates which occurred up to June 30, the credit for the first half year was £38m. An appropriate credit will be included in the results for the third quarter by which time the likely movements for the year will be somewhat clearer.

The tax charge for the half year consisted of U.K. corporation tax £73m., overseas tax £28m. and tax on principal associated companies £6m., less a credit of £6m. for U.K. investment grants.

Pending implementation of current cost accounting it is useful to indicate the effects of inflation using the CPP basis, the directors say.

If an adjustment were made on this basis, the group profit before tax of £241m. would be reduced by approximately £110m. This compares with an adjustment of £130m. for the first half and £245m. for the whole of 1975 for the conditions of inflation which existed then.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Bowater, Church and Co., Dereck Crouch (Contractors).

Finals—Blackwood Morton, Kursaal.

FUTURE DATES

Interims—

Barton and Sons	Sept. 14
Direct Spanish Telegraph	Sept. 6
Durada	Sept. 8
Fisher (James)	Sept. 9
Hepworth Ceramic	Sept. 9

Finals—

Coronation Syndicate	Sept. 8
Hunt and Moscrop (Middleton)	Oct. 13
Tweefontein United Collieries	Sept. 8
Walker (James) Goldsmith and Silversmith	Sept. 15
Walker (Thomas)	Sept. 8

Better year for Gripperrods

YEAR-END turnover (to April 30, 1976) of Gripperrods Holdings rose from £3.83m. to £4.8m. and profit was £0.72m., compared with £0.65m., subject to tax of £0.38m., against £0.33m.

In the first half profit increased from £0.29m. to £0.34m.

Earnings per 10p share for the year are 13.9p (12.8p) and dividend total is 5.336p gross, compared with 4.88p, with a final of 3.136p. Dividends have been waived on 0.75m. shares.

The company makes carpet laying accessories.

Hellenic & General downturn

Pre-tax revenue of Hellenic and General Trust decreased from £496,186 to £396,202 in the first half of 1976.

The directors anticipate that revenue for the year will be lower than that of previous year, but they state it should be viewed against the exceptionally buoyant results on revenue account for 1975. Pre-tax revenue for 1975 was £816,000.

Revenue for the six months is struck after interest and expenses of £172,857 (£191,436). Tax takes £109,747 (£40,964).

Earnings per 10p share decreased from 2.9p to 1.8p. An unchanged interim dividend of 0.67p net is declared and the directors expect to maintain the year's total—1.638p for 1975.

Net asset value per Ordinary share is 51.9p (52.4p).

Renown ahead so far

From net sales of Y69.76m. against Y53.87m., profits before tax of Renown Incorporated amounted to Y2.39m. in the six months ended June 30, 1976, compared with Y1.55m., in the same period last year.

Renown is reputedly the largest wholesaler of clothing in Japan and recently gained a Stock Exchange listing. Last Saturday figures were inadvertently given in sterling.

Spong first half rise

Sales of Spong and Co for the first half of 1976 increased from £1.09m. to £1.32m. and profits were up from £111,959 to £126,221 before tax of £65,635 against £58,219.

The net interim dividend is lifted from 0.39p to 0.43p per 10p share—in 1975, the total was 1.13p from pre-tax profits of £197,642.

The group trades as hardware makers and wireworkers.

ALLIED COLLOIDS

The chairman of Allied Colloids, Mr. J. Dawes, told yesterday's annual meeting that profits for first four months of the current year were substantially above those for the first half of last year.

Upsurge at Geo. Armitage

EXCLUDING VAT, turnover of George Armitage and Sons increased from £1.11m. to £1.99m. in the first half of 1976 and pre-tax profit went ahead from £0.15m. to £0.46m.

Sales prospects for the rest of the year are encouraging and the directors expect results to show "a significant increase." However, the outlook for 1977 is uncertain, they add.

The interim dividend is lifted from 0.715p net to 0.7865p net — 1975 dividend total was 1.5834p from profits of £0.46m. Earnings per share are 13.44p (3.79p) for the half year.

	First half 1976 £000	1975 £000
Turnover*	1,989	1,108
Pre-tax profit	459	149
Taxation	248	86
Extraordinary credit	7	86

* Excluding VAT.

Westminster & Country cuts loss

A cut in pre-tax loss from £1,543,000 to £267,000 for the year to April 30, 1976, is reported by Westminster and Country Properties. This figure includes the share of loss of an associated company of £39,000 (£463,000). No dividend will be paid, as last year.

Earnings per share are stated at 11.5p, against a loss of 15.6p last time.

The Board states that the current year has opened on a more cheerful note which should lead to a more satisfactory result in 1977.

	1975-76 £000	1974-75 £000
Turnover	3,179	3,501
Share of assoc. loss	39	463
Pre-tax loss	267	1,543
Tax	97	*478
Minorities	1	18
Extraordinary credit	732	583

* Credit.

WESTFORTH

The resolution to enable early repayment of the Westforth Electrical and Automation 7½ per cent. convertible unsecured loan stock 1988/93 at the rate of £62 per cent. has been passed.

Cheques for repayment monies and interest accrued will be despatched to stockholders on September 22, 1976.

BP turns in £72m. midway

NET ATTRIBUTABLE income of The British Petroleum Company improved from £37.3m. to £51.8m. in the second quarter of 1976, giving a first half figure of £72m., compared with £79.5m.

The increase between the quarters, say the directors, is mainly due to the build-up of production from the Forties Field.

Although there has been a small improvement in profitability, the returns on sales generally remain unsatisfactory, particularly in Europe where losses continue to be made in some areas. Chemical profits, however, continue to reflect the improvement in economic conditions, they add.

Second quarter sales of 40.9m. tonnes (42.1m. tonnes) were 5.8 per cent. lower than the first three months, giving a first half total of 84.3m. tonnes (86.8m. tonnes). Natural gas sales in the second quarter were 10m. cu. metres per day (10.4m. cu. metres) and for the first half 10.4m. cu. metres (10.7m. cu. metres).

Total sales tonnages at half-way were 2.9 per cent. below the previous comparable level—crude oil sales declined by 14.9 per cent. while sales of products and chemicals increased by 9.7 per cent.

Net income per share for the six months is 18.5p (20.5p) per £1 share. The interim dividend is up by the maximum permitted to 6.875p net (6.25p). Last year's total was 17.99p from attributable profits of £144.9m.

	First half 1976 £m.	1975 £m.
Sales	5,778.0	4,435.4
Customs duties, etc.	983.3	805.4
Other income	93.9	93.3
Total	4,889.7	3,723.3
Cost of oil, freight, etc.	3,313.9	2,367.9
Other expenses	415.4	331.0
Deprcn. and amounts provided	112.9	98.8
Interest	75.5	51.1
Income	772.0	882.5
Overseas	667.0	797.7
U.K. tax*	31.5	14.2
Minority profits	1.5	‡2.9
Attributable income	72.0	79.5

* Made up from corporation tax (includes 49m. in respect of deferred taxation) less prior years' tax recoveries £311.2m., overseas tax relief £267.5m., previously written off £34.6m., petroleum revenue tax £22.4m. ‡ Losses.

See Lex

Alex Russell progress

ALEXANDER RUSSELL has substantially increased sales of lightweight thermal blocks in the current year and this more than offset a decline in sales from the quarries and coal recovery business, shareholders were told at the annual meeting.

Mr. S. R. Nicolson, chairman, who forecast that the company would again be paying the full permitted dividend said the demand for thermal block at Beaufort quarry in Chepstow and their new West Thurrock plant in Essex exceeded expectations that the Board had authorised the doubling of the Essex capacity and a 50 per cent. increase at Beaufort.

Plans to open a new plant in Lancs were well under way in negotiations for a site and an application for planning permission.

Optimism at Drake & Cubitt

AT THE ANNUAL meeting of Drake & Cubitt Holdings, Mr. M. C. Abbott, chairman, reported that trading, since publication of the group's interim figures, was on budget and that there was expectation of a satisfactory profit from the new group for the current year ending October 31, 1976.

Contracts had now been exchanged for the sale of Cubitt Homes and IPDS overseas, leaving the group with a small balance of property interests in the U.K. and Germany.

The new group, consisting principally of Drake & Scull, was in a buoyant condition and the overseas activities in particular were proving to be extremely profitable with positive cash inflow to the U.K., said the chairman.

Central costs were continuing to be reduced through rationalisation and together with a smaller Board and management structure would produce significant savings.

SWS report out on September 14

The Slater Walker Securities report and accounts, plus a condensed version of the long-awaited report into the group by investigating accountants Peak Marwick Mitchell and Price Waterhouse, will be sent to shareholders in one combined document on September 14. As expected the annual meeting is to be postponed from to-day until October 8.

The acountants' report was commissioned last October after the departure of former chairman Mr. Jim Slater. It had been hoped to obtain clearance for the document in time for to-day's scheduled AGM, but delay has arisen due to obtaining the necessary consents of the companies and individuals mentioned in the report. It is already known that the full version will not be published.

Kleeman up £0.11m. halfway

REPORTING first-half 1976 pre-tax profit up from £795,000 to £908,000, Mr. D. Kleeman, chairman of Kleeman Industrial Holdings, anticipates that profit for the year will not be less than the £1.96m. for 1975, and it could well show an improvement in the second half along the lines of the first-half profit, he adds.

The interim dividend is stepped up from 1.61p to 1.8p net per 25p share. It is the present intention to recommend a maximum permitted final of 2.7727p (2.547p).

The chairman has waived his rights to the interim dividend on 80,000 Ordinary shares.

	Six months 1976 £	1975 £
Turnover	3,411,208	3,998,143
Depreciation	50,022	44,788
Loan stock interest	—	23,000
Pre-tax profit	908,000	795,000
Taxation	472,000	413,000
Net profit	436,000	382,000

The company manufactures seals and gaskets.

● comment

Kleeman has given plenty of advance warning that the boom in demand for its gaskets and seals that started at a time of raw materials shortage in 1973 and held up till around this time last year could not be sustained. So, although the group's growth rate has dropped considerably, the 11 per cent. pre-tax rise just reported is seen as a more normal performance. The group is still benefiting from growth in a wide range of markets overseas, and from the fact that much of its busines comes from maintenance servicing, which is more resilient against industrial depression. There has been some vulnerability to the shipping recession, supplies to the marine industry being its biggest interest, but, even here, prospects depend more on international trading than on new ship-building. A maintenance of the profits trend so far gives a p/e on the 172p shares of 7.2, where the projected yield is 4 per cent. covered five times.

Outlook at David S. Smith

If the pace experienced at David S. Smith (Holdings) during the past four months can be sustained, chairman Mr. D. S. Smith expects once again to achieve satisfactory results for the current year.

The "substantial" rise in the cost of materials is expected to continue. This is creating a more stringent demand for economies. The directors expect, therefore, that pressure on margins will be maintained. They are, however, confident of the company's ability to increase sales and thereby minimise this deleterious effect.

As already known, pre-tax profits for the year to April 30, 1976 expanded from £0.78m. to £0.87m. The total dividend is stepped up from 1.9973p to 2.1675p net at a cost of £117,300 (£108,090).

Notice of Redemption

International Standard Electric Corporation

9¾% Sinking Fund Debentures, due October 1, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated October 1, 1971 between International Standard Electric Corporation and European-American Bank & Trust Company, Trustee, $1,136,000 in principal amount of Debentures of the above issue will be redeemed through operation of the sinking fund on October 1, 1976 at the sinking fund redemption price of 100% of the principal amount thereof together with interest accrued to the date fixed for redemption.

The coupon Debentures to be redeemed bear the following numbers:

Coupon Debentures of $1,000 Principal Amount

[illegible]

On October 1, 1976, the date fixed for redemption, there will become due and payable on the Debentures to be redeemed the principal amount thereof together with interest accrued to the date fixed for redemption. Payment of the redemption price on the Debentures to be redeemed will be made on or after October 1, 1976 at the Principal Office of European-American Bank & Trust Company, 10 Hanover Square in the Borough of Manhattan, the City of New York or at the main offices of Amsterdam-Rotterdam Bank N.V. in Amsterdam, Société Générale de Banque S.A. in Brussels, Deutsche Bank Aktiengesellschaft in Frankfurt, Banque Générale du Luxembourg S.A. in Luxembourg, Credito Italiano in Milan and Société Générale pour favoriser le Développement du Commerce et de l'Industrie en France in Paris, Midland Bank Limited, Overseas Branch in London, upon presentation and surrender for redemption of the Debentures to be redeemed together with all coupons appertaining thereto maturing after the date fixed for redemption. The Coupon maturing on October 1, 1976 should be detached and presented for payment in the usual manner. From and after October 1, 1976 interest on the Debentures to be redeemed will cease to accrue.

International Standard Electric Corporation

Dated: August 23, 1976

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P.E. Ratio
—	F.P.	—	850	850	AmrienMedInt.Inc($1)	850	......	Q24c	—	1.6	—
—	F.P.	—	£27¼	£21¾	Berry Pacific Fd.US$1	£27	......	[illegible]	—	0.2	—
80p	F.P.	17/9	70	65	Borthwick (Thos.) 50p	69	+1	b5.5	2.0	12.3	6.1
—	F.P.	—	£27½	£26¾	Dentsply-Int. Inc. ($1)	£26¾	−⅛	—	—	—	—
—	F.P.	—	£31½	£25½	Esmark $US1	£26½	−⅛	Q$1.52	—	3.2	—
235	F.P.	15/9	235	178	Hambro Life Assur.	197	+6	b15.75	—	10.7	—
—	F.P.	20/8	62	57	Leech (Wm.) Builders	57	......	25	2.1	13.5	5.5
120	F.P.	23/9	111	102	Molins	102	......	b6.5	2.4	9.5	6.7
US$2.05	F.P.		$2.40	$2	Renown Inc. Y50	$2.40	......	Q 15c	—	0.8	
¶¶	F.P.		115	96	Tolux S.A. 11	115	+3				

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
£100	F.P.	—	100	100	Agricultural Mortgage 15% Bond 1978	100	......
£10			10	9⅞	G.T. Asia (Sterling) Pd.Prf. Red. Prf. (1p)	10	......
£99½	£10	17/12	9⅝	8¾	Islington 13¼% Red. Stock 1982	9½	+⅛
**98	F.P.	3/9	97½	97	Mid Kent Water 8% Red. Prf. 1981	97½	......
US$100			$103	$100	New Brunswick (Province of) 8¾%	$101	......
††£100	£10	1/10	10	9	Portsmouth Water 9% Red. Prf. Stk. 1981	9	......
US$100	Nil	12/11	99¾	99	Royal Tst. Mort. 9¼% Red. 1989	99	......
US$100	F.P.	—	$100½	$100¼	Saskatchewan (Prov. of) 8¾% Bds. 1996	$100¼	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p	+ or −
13	Nil	8/9	8/10	2¼	1⅛	Astra Scs.	1½pm	+¼
$A3.50	Nil	5/11	—	190	165	Bank N.S. Wales	185pm	......
52	F.P.	[illegible]	10/9	67	[illegible]	[illegible]	61	......
20p	Nil	10/9	8/10	2¾	½	Charterhall Finance	¾pm	−¼
16	F.P.	[illegible]	17/9	18½	15½	Ewer (George)	16	......
118p	F.P.	26/8	24/9	152	134	Hogg Robinson	138	+3
25	F.P.	13/8	10/9	34½	25½	Kwik Fit (Tyres + Ex.)	30pm	......
40p	Nil	10/9	8/10	12¼	7	Lovell (Y. J.)	7½pm	−⅛
185	F.P.	19/8	24/9	217	198	National Westminster	214	+2
22½	F.P.	26/7	8/9	27¾	24½	Readicut Int'l.	24½	......
200	F.P.	19/8	1/10	251	219	Reed Intl.	222	......
178	F.P.	6/8	3/9	209	198	Rowntree Mackintosh	201	......
24p	Nil	2/8	8/10	28	23	Second City Prop.	25	......
20	F.P.	10/8	2/9	33½	28	Vernon Fashions	28	......
$A1.20	F.P.	18/6	—	141	85	Western Mining	120	......
76	F.P.	17/8	1/10	97	88	Whitecroft Ind.	93	......
70	F.P.			84	47	Woodside-Burmah	80	+4

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital; cover based on dividend on full capital. p** Pence unless otherwise indicated. s Forecast dividend; cover based on previous year's earnings. u Figures based on prospectus or other official estimate for 1976. Q Gross. ‡ Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ✠ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. † Rights by way of capitalisation. ¶¶ Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. § Allotment letters (or fully-paid). γ Provisional or partly-paid allotment letters. $ With warrants. ϕ After suspension.

GENERAL MINING & FINANCE CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT TO MEMBERS FOR THE HALF-YEAR TO JUNE 30, 1976 AND DIVIDEND ANNOUNCEMENT

The unaudited consolidated financial results for the six months to June 30, 1976 are as follows:

	Unaudited Six months ended June 30 1976	1975	Audited Year ended 31/12/75
SUMMARY OF FINANCIAL DATA			
Number of shares issued	8,316,736	5,916,736	5,916,736
Earnings of ordinary shareholders —R'000	19,098	12,533	26,034
—cents per share	230	212	440
Dividends —amount (R'000)	7,485	5,239	12,223
—cents per ordinary share	90	90	210
Asset value including excess market value of listed investment and directors' valuation of unlisted investments—cents per ordinary share	4,350	5,312	3,963
GROUP PROFIT FOR THE SIX MONTHS	R'000	R'000	R'000
Group profit before taxation	35,616	18,959	40,125
Taxation	4,127	3,330	7,591
Group profit after taxation	31,489	15,629	32,534
Outside shareholders' interest and preference dividend	12,391	3,096	6,500
Group profit attributable to ordinary shareholders of General Mining	19,098	12,533	26,034
CONSOLIDATED BALANCE SHEET			
Equity shareholders' interest	224,657	140,459	145,556
Outside shareholders' interest	146,261	37,551	41,373
Loan capital	122,262	90,474	106,863
Preference share capital—6%	500	500	500
	493,680	268,984	294,292
Employment of capital:			
Investments—Listed	183,752	140,643	136,352
—(Market value)	(401,176)	(292,937)	(212,454)
—Unlisted	43,399	10,574	11,433
—(Directors' valuation)	(142,022)	(32,205)	(25,030)
Cost of control (note 7)	50,455	—	—
Fixed and mining assets	122,898	85,669	98,786
Townships	8,799	9,549	8,772
Current assets	276,818	136,266	155,508
Total assets	686,121	382,701	410,851
Current liabilities	192,441	113,717	116,559
	493,680	268,984	294,292

Notes:

1. Included in earnings of ordinary shareholders is 32 c.p.s. (half-year 1975—Nil c.p.s. and year 1975—17 c.p.s) being surplus on sale of investments less provisions.
2. Provision against investments is only considered at the year-end. Income is not earned proportionately over the year.
3. A final dividend of 120 c.p.s. amounting to R6,985,000 (1975—120 c.p.s.—R6,224,000), in respect of the 1975 financial year was paid in April 1976 and a dividend of R15,000 (1975—R15,000) on preference shares was paid in June, 1976.
4. For comparative purposes, the net asset value per share at June 30, 1975 has been reduced to 5,312 cents.
5. Since December 31, 1975, 2.4 million new Ordinary General Mining shares have been allotted to Federale Mynbou Beperk in exchange for a 21% interest in Union Corporation Limited, which, together with a 5.2% interest held by Sentrust Limited were placed in a holding company. After these transactions, General Mining controls 50.1% of Union Corporation and has a beneficial interest of 44.9% in that company. The results of Union Corporation for the six months since January 1, 1976, have been consolidated with those of General Mining.
6. As a result of the decrease in the price of the securities-rand and taking into account arrangements already made, the liability in respect of the $85 million foreign loan increased on June 30, 1976 to R77,392,000 as against R75,355,000 at December 31, 1975.
   This difference is provided for in full in the abovementioned results.
7. Cost of control is the net difference between the cost of investments in subsidiaries and the book value of their assets and is excluded in calculating the asset value per share.
8. Shareholders attention is drawn to the considerable drop in the gold price during the past two months. If the price does not increase materially, the earnings of the company in the second half of the year will be affected detrimentally.

DECLARATION OF DIVIDEND

NOTICE IS HEREBY GIVEN that an interim dividend No. 101 (Coupon No. 103) of 90 cents per share in respect of the year ending December 31, 1976 has been declared payable to members registered at the close of business on September 17, 1976, and to holders of share warrants to bearer surrendering coupon No. 103.

The register of ordinary shareholders will be closed from September 18, to October 1, 1976, both days inclusive.

No instructions involving a change of the office of payment will be accepted after September 17, 1976.

The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on October 11, 1976, or on the first day thereafter on which a rate of exchange is available.

Non-resident shareholders' tax of 15% will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

Dividend warrants will be posted by the transfer secretaries mentioned below, on or about October 21, 1976.

The full conditions of payment may be inspected at or obtained from the head office or the offices of the transfer secretaries of the company.

By order of the Board,
R. R. Bishop
London Secretary

Head Office:
6 Hollard Street,
Johannesburg 2001
(P. O. Box 61820,
Marshalltown 2107).

London Office:
Friars House.
39/41 New Broad Street,
London EC2M 1NJ.

Transfer Secretaries:
United Kingdom:
Charter Consolidated Limited,
P.O. Box 102,
Charter House, Park Street,
Ashford, Kent TN24 8EO.

September 2, 1976.

MINING NEWS

General Mining now tightens its belt

BY KENNETH MARSTON, MINING EDITOR

AFTER THE expansion of earnings and interests in recent years, the half-year results of General Mining precede a pause in the growth of the Afrikaner finance house. They consolidate the recently announced half-year results of Union Corporation which is now 50.1 per cent. controlled by General Mining.

Earnings for the past six months amount to R19.1m. (£12.4m.) compared with R12.5m. a year ago before the acquisition of the increased holding in Union Corporation. Latest earnings equal 230 cents per share—including 32 cents from the sale of investments — on the capital increased to 8.3m. shares from 5.9m. shares as a result of the issue to Federale Mynbou. Half-year earnings a year ago on the smaller capital equalled 212 cents per share.

General Mining is maintaining its interim dividend at 90 cents (58.4p) on the higher capital; the previous year's final on the smaller number of shares in issue was 120 cents. But the latest payment should not be taken to indicate that the final rate will necessarily also be maintained in view of the statement that if there is no material increase in the gold price, second-half earnings "will be affected detrimentally." A similar view, of course, must apply to Union Corporation.

Meanwhile, General Mining's finances remain strained by the acquisition of the increased stake in Union Corporation. The liability—at June 30—in respect of the $US85m. (£47.9m.) borrowed for this purpose increased by some R2m. to R77.4m. (£50.2m.) as a result of the fall in the price of the securities rand.

Like other major South African finance houses with sizeable gold interests, General Mining is having to tighten its belt, but it remains backed by powerful interests to help it weather the present economic and political storms. *The shares were £14¼ yesterday.*

NIGERIA BUYS TIN STAKE

The state-owned Nigerian Mining Corporation has bought a 40 per cent. stake in the Nigerian operating subsidiaries of Amalgamated Tin Mines of Nigeria, the biggest tin miner in the country. The purchase was accompanied by an official statement in Lagos saying that the acquisition aimed to give the country a direct say in the exploitation and expansion of mining operations.

Amalgamated Tin announced in June that an approach had been made and stated that it was conditional upon the shares being bought by the Nigerian Mining Corporation by the end of August. The consideration was Naira 960,000 (£850,000).

It is Nigerian Government policy that 60 per cent. of the share capital of the mining companies operating in the country should be held by local citizens or institutions by 1978. Last month Ex-Lands disclosed that it had received approaches from the Nigerian Mining Corporation. On the other hand the subsidiaries of Gold and Base Metal Mines and United Tin had received no overtures.

Disappointment for Murchison

HOPES that South Africa's antimony-producing Consolidated Murchison had found a significant new orebody in last year's discovery of outcropping antimony-bearing rocks are dashed with the news that after examination of the occurrence the company's technical advisers now consider it to be of "no economic importance."

Prospecting of other areas on the antimony line goes on, however, and it will be recalled that earlier this year the chairman, Mr. P. R. Wilton, said that a continuous programme of exploration was being carried out over the whole length of known extensions to the line.

For several years, Murchison has been able to see an operating life of some eight years ahead, but this has been based only on the orebodies being worked from existing shafts along a comparatively small part of the antimony line. So there is still the hope that further orebodies will turn up. The shares were 700p yesterday.

South African coal hopefuls

THE three Anglo American Corporation group South African collieries which were not included in the big "Amcoal" merger have all reported higher profits for the year ended June 30. Their common chairman, Mr. Graham Boustred, is generally optimistic on prospects for the current period, which will be for the 18 months to December 1977 following the decision to change the year end, reports our Johannesburg correspondent.

Natal Anthracite is midway through a big spending programme, which will probably cost R8m. (£5.19m.) over the next two to three years, aimed at substantially raising output from the present 730,000 tons per year level. Value of sales was R10m. (£6.49m.) last year, but will be higher in the current period following the recent domestic coal price rise to R15 per ton and which is likely to go up again.

Production will increase by about 100,000 tons in the next year and local demand is rising strongly, with demand from AECI's Coalplex and the Richards Bay titanium plant which are big new sources of consumption. Mr. Boustred says Natal Anthracite's reserves at Ngwibi Mountain are among the biggest in the country and their low phosphorous content is much in demand overseas.

Vierfontein, controlled by Anglo but with a big Consolidated Gold Fields interest, is to spend R1.1m. on a new shaft, to be funded by ESCOM. The main interest in the shares is whether the company's extensive options over low grade reserves in the Free State can be turned to account.

Coking coal producer Zuinguin, which supplies about 365,000 tons per year to ISCOR from its Indumeni Colliery, raised profits from R0.6m. to R0.7m. (£0.45m.) and paid dividends of 24 cents (15.57p) against 21 cents. Its life depends on the ability to mechanise as Zuinguin, in common with other collieries, faces a shortage of labour for hand loading.

LEPANTO SEES A PROFIT SETBACK

The Filipino copper producer, Lepanto Consolidated Mining, which last month resumed operations after a seven months' suspension, reports severely depressed profits in the first half of this year. Net profits have fallen to 1.2m. pesos (£91,111) from 2.2m. pesos (£167,037) in the first half of 1975.

The suspension of operations at the Lepanto mine in Benguet province last January, when 1,500 men were laid off, allowed operating expenses to drop by 32.63m. pesos to 115.36m. pesos (£8.75m.). These expenses were just covered by gross sales from previous production of 116.84m. pesos (£8.87m.). Sales in the first half of last year were 147.99m. pesos (£11.23m.).

Higher copper prices, lower costs and high stocks, however, led to the mine resuming operations last month and the Lepanto president Mr. Carlos Palanca says that talks on a new smelting contract with American Smelting and Refining have started. The proposal is for Asarco to smelt the mine's annual output of 60,000 dry tonnes of concentrates.

ROUND-UP

Canada's NRD Mining has managed to reduce its accumulated deficit to $608,323 (£348,509) following a profit of $188,698 (£108,198) on the sale of its minority interest in National Resources Trading, the 1976 half-year results reveal. Last year NRD made a net loss of $857,634. Small profit margins have led to the company stopping full-time commodity trading operations. The chairman, Mr. Herman Becker-Fluegel, says the company is looking for attractive mining properties. If it is successful there could be a re-financing of the company.

* * *

Production of molybdenite concentrate has started at Amax's big Henderson mine in Colorado. Production this year should be between 3m. lbs and 5m. lbs of molybdenum, rising to 20m. lbs in 1977. Amax will have spent $500m. (£281.3m.) on the mine by 1979 and this will result in the doubling of the company's molybdenum production.

* * *

This year's second half profits at America's Homestake Mining will be reduced by 11 cents (6.188p) a share by the suspension of operations—already reported—at the Mount Charlotte gold mine, near Kalgoorlie in Western Australia. Its subsidiary, Homestake Gold has a 48 per cent. share in the mine. The other shareholders are Gold Mines of Kalgoorlie, Poseidon and Western Mining. Homestake is not suspending operations at its gold mine in Lead, South Dakota.

* * *

It is announced that on Wednesday, Consolidated Gold Fields subsidiary, Gold Fields Mahd Adh Dhabab (GFMAD) signed an exploration licence with the Saudi Arabian Ministry of Petroleum and Mineral Resources and a joint venture agreement with the General Petroleum and Mining Organisation of Saudi Arabia (PETROMIN), both documents covering mineral exploration rights over Mahd Adh Dhabab and the surrounding area of approximately 1,600 square kilometres. If the exploration work (primarily for gold) is successful, GFMAD has the right to take out a mining licence in partnership with PETROMIN.

MINING BRIEFS

PAHANG CONSOLIDATED — August output of tin concentrates 173 tonnes (July, 153 tonnes).

BIDS AND DEALS

Brent Chemicals £1.6m. expansion

Brent Chemicals International, which is capitalised at £5.2m., has made an agreed £1.6m. bid for the unquoted Savilles Hydrological Corporation.

The consideration is £1m. in cash plus 736,360 shares in BCI worth £640,000 with BCI at 87p last night.

Directors of SHC are recommending the offer and they, together with senior employee shareholders, have accepted the offer in respect of 70 per cent. of the equity. The shares to be issued, representing just under 10 per cent. of the enlarged capital, will rank for the interim dividend for 1976.

SHC's main interests are in the manufacture of detergent cleansing and sterilisation agents for use in the food processing and catering industries. BCI consider that significant benefits should result from the pooling of their own technology in the supply of speciality chemicals to the food industry with that of SHC and the product base of the group will be widened.

In the year to February 28, 1976, SHC made a profit of £502,000 on sales of £4.9m. Net tangible assets at that date amounted to £891,000 including cash and liquid investments of £575,000.

On a pro-forma historic basis, and adjusting for BCI's rights issue in April it would appear that BCI's earnings per share stand to increase by almost a quarter to 10.4p as a result of this acquisition.

On completion of the acquisition Mr. Cyril Aberdein, managing director of SHC, will join the Board of BCI as an executive director and the chairman of SHC, Mr Peter Lane, will become a non-executive director.

Formal documents will be posted to shareholders within the next two weeks.

PATERSON EXTENDS ODEX OFFER

Paterson Zochonis is extending its offer for Odex Racasan, a bid *stoutly* resisted by the Board of OR and its financial advisors Morgan Grenfell, until Tuesday, September 14.

Schroder Wagg, on behalf of PZ, announced yesterday that by the first acceptance day, acceptances in respect of 30.37 per cent. of OR's Ordinary shares and 7.73 per cent. of Preference shares had been received.

PZ is offering 115p in cash for every OR share and this has been opposed by the Board of OR who together with the family of the group's founder, Mr. R. A. C. Chandler, speak for about 20 per cent. of the equity.

ICFC also control or influence about a fifth of the OR shares and do not seem to have accepted the offer to date.

Last night, OR's share price fell by 5p to 110p.

DRG-ROYAL SOVEREIGN

The Dickinson Robinson Group's offers for Royal Sovereign Group have been declared unconditional. They remain open.

Acceptances have been received for 3,755,039 existing RS Ordinary and 1,877,519 new Ordinary representing 87.08 per cent. of the Ordinary. Holders representing 33.52 per cent. of Ordinary elected to take cash alternative requiring about £1.13m.

Acceptances of the Preference offer were received for 67,844 shares (77.15 per cent.).

The Stock Exchange is still proceeding with enquiries into share dealings in RS shares, ahead of the takeover announcement.

PREMIER CONSD. —PARAMBE

The chairman of Premier Consolidated Oilfields, Mr. H. T. Nicholson, has written to shareholders with details of the acquisition of Parambe Oil and Gas Operations from Parambe.

The terms of the purchase are a nominal consideration for the share capital and a loan to enable Parambe Oil to pay certain agreed debts. Any part of the loan surplus to this requirement goes to Parambe. Taking into account Parambe Oil's tangible assets, Premier's investment will amount to some £120,000. In addition, the group will contribute to the development of the Italian interests at an estimated cost of £250,000 over the next two years.

CES GERMAN DEAL COMPLETED

Combined English Stores Group announces that Vecar BV, the Dutch-based company in which CES has a 50 per cent. interest, has completed the acquisition of the German group BIBA and Pariscope Daub.

This deal brings into Vecar 34 young women's fashion boutiques in the Ruhr area of West Germany. Combined English's partner in Vecar is NV Brabant, part of the Dutch AMEV insurance group.

Further acquisitions in Continental Europe are planned.

STONEWARE

Stoneware, announces that acceptances received in respect of the offer by G R F. Tompkins amounted to 8,370 shares. The offer is to remain open for 14 days.

TARMAC

Following the EGM of Drake and Cubitt Holdings, Tarmac has acquired the capital of Holland, Hannen and Cubitts, the building and civil engineering division of Drake and Cubitt.

K. O. BOARDMAN

Mr. K. O. Boardman, chairman of K. O. Boardman International has written to shareholders outlining the details of recent purchases of BPT Leisure and Sydney Howarth.

Consideration for BPT is £1m., payable as to £800,000 in cash and £200,000 by the issue of 2m. shares in Boardman. An additional cash consideration equal to 10 per cent. of the amount by which Boardman's enlarged profits exceed £1m. in the next five financial years will also be made.

For the year ended February 29, 1976, BPT's pre-tax profits rose from £234,000 to £376,000 and end-year net assets were £553,000.

The acquisition of Howarth requires shareholders' approval at an extraordinary meeting following the annual meeting on September 22 since the vendor of Howarth, Damery Products, is owned by trustees of settlements made by the chairman and his wife, and the chairman and Mr. P. S. Boardman are directors of both companies. In the year to March 31, 1976, Howarth made pre-tax profits of £22,000 and end-year net assets were £42,000, in line with the consideration paid.

SALE OF WOODSIDE BURMAH SHARES COMPLETED

The directors of Broken Hill Proprietary Company, of Australia, and Burmah Oil Company announce that the transfer of 75.22m. Woodside-Burmah NL shares from Burmah has been completed. These shares have been purchased by and will be held by North West Shelf Development Pty., a company jointly owned by BHP and Shell Australia. Of the purchase price of $A68.5m., $A35m. has been paid, and the balance will be paid on October 1, 1976.

MAY & HASSELL —TRENERY

In our edition of August 28 it was inadvertently stated that May and Hassell had received acceptances from the directors of Trenery and Sons in respect of their offer of 10 per cent. of the "A" and "B" shares. May and Hassell had in fact received acceptances in respect of 90 per cent. of the "A" and "B" shares.

ORIENTAL FINANCING

Oriental Financial Consultants and Promotors state that the acquisition for cash of 72.5 per cent. of its capital by private companies controlled by Sir James Goldsmith, his family and associates has now been completed at a price equivalent to $HK0.90865 a share.

A similar offer will be made for the remaining shares in Oriental by Hambro Pacific on behalf of Sir James as soon as possible.

The statement added that if the offer resulted in Sir James and his associates acquiring more than 75 per cent. of Oriental's shares, a placing would be made to reduce the holding to below 75 per cent.

SOLICITORS' LAW PURCHASE

The Solicitors' Law Stationery Society has bought Bradley & Son and its subsidiary, Charles Elsbury Plates, for £240,000 to be satisfied by shares in SLSS and/or cash at the accepting shareholders option.

If the acquisition were entirely in shares, this would result in the issue of about 535,000 SLSS Ordinary shares.

The offer is open for acceptances until 3.0 p.m. on September 10, 1976. The directors and their families who control 100 per cent. of the capital have agreed to accept in full.

In 1975, Bradleys made after tax profits of £8,731 and the net balance sheet assets at December 31 were £214,102.

JARDINE MATHESON

Jardine Matheson, has completed the acquisition of 25 per cent. of Transporting and Trading Inc. of Liberia, which has extensive interests in Saudi Arabia and elsewhere in the mid-east.

An initial investment of $35m. has been made, of which $25m. has been paid into TTI as new capital. Jardine will make additional payments in respect of their equity investment during 1977-79, conditional on TTI achieving agreed profit levels.

Such payments could total a maximum of $65m. and would include the acquisition of an additional 15 per cent. of TTI, bringing Jardine's total share of TTI to 40 per cent. About 60 per cent. of all such payments will be paid to TTI in the form of new capital in the company.

Jardine has been guaranteed an average net minimum return of 17½ per cent. per year of its total investment during the period September 1, 1976 to end-1980.

PORTER CHADBURN

Porter Chadburn announces that its subsidiary Chadburn Bloctube has acquired the buildings, fixtures, fittings, stock and goodwill of Sepherd's marine and industrial spares from the receiver of the Drypool Group and subsidiary. The consideration is payable wholly in cash and will not exceed £150,000.

The business will be carried on in the name of Chadburn Bloctube.

SHARE STAKES

General Ceylon (Holdings)—Mr. L. C. Toppin now holds 23,000 shares (16.18 per cent.).

Weston Evans Group—Arbuthnot Industrial Investments has acquired a further 25,000 shares and now holds 1,392,456 shares (25.89 per cent.).

Staffordshire Potteries (Holdings)—Hill Samuel Life Assurance has disposed of its holdings in company (150,000 shares). Hill Samuel and Company now hold 150,000 shares in company.

Second City Properties—Scottish Amicable Life Assurance now holds 1,392,001 Ordinary shares (11.51 per cent.).

Bathrick Securities has purchased 60,000 Ordinary shares in Land Value and now holds 163,500 shares (12.75 per cent.).

ASSOCIATES DEAL

Morgan Grenfell and Company purchased, on August 27, 797,800 Reyer Peacock and Company at 25p on behalf of National Chemical Industries.

Scot. Homes loss £0.39m.

On a turnover down from £12.25m. to £10.69m., The Scottish Homes Investment Company incurred a loss of £390,934 for the year to March 31, 1976, against a profit of £19,809.

A tax charge of £17,700 (credit £29,520) makes a loss of £408,634 (profit £49,329).

There is no dividend (interim only of 0.375p net).

The programme of reducing the group's exposure to the problems of major building contracts is well under way and the directors look forward to a profitable year.

STOCK EXCHANGE BUSINESS IN AUGUST

Turnover at year's low

BY GEOFFREY FOSTER

Stock Exchange turnover in August contracted for the third consecutive month as investors' confidence deteriorated further on continuing uncertainty over the economic outlook, the level of sterling and interest rates. Normal seasonal inactivity and the fact that there was one fewer business day than in July also contributed to the decline, making the month the quietest for nearly a year.

Business in all securities during the month amounted to £5.4bn., the lowest monthly total since last September and a fall of 10 per cent. from July's £6bn. The Financial Times turnover index for all securities in August was 166.2, compared with July's £185.1, last January's all-time peak of 515.6 and the 1975 monthly average of 240.1. The overall number of bargains was 19,038 fewer at 330,859, the smallest number since December, 1974 (295,351), while the average value per bargain was down £875 at £16,389.

All sectors were affected by the fall in turnover. Trade in British Government securities fell over 10 per cent. on the month—by £0.46bn. to £4bn., the lowest for 11 months, and the number of deals was 624 lower at 59,026. The downturn here was mainly attributable to a sharp contraction of trading in medium- and long-dated maturities—down £0.7bn. to £1.3bn., with the average value per bargain falling by £15,784 to £36,785. After July's 29 per cent. fall, business in short-dated actually picked up £0.3bn. to £2.7bn. The number of bargains in the latter category rose 3,188 to 24,595, for an average value per bargain about £3,300 lower at £111,501.

The FT-Stock Exchange turnover index for British Government Securities dropped from 189.1 in July to 169.7: this compares with January's all-time high of 580.9 and the 1975 average of 237.2.

The CBI's more optimistic industrial trends survey, sterling's pick up and a better-than-expected set of reserve figures led to a modest improvement in gilt-edged prices at the beginning of August.

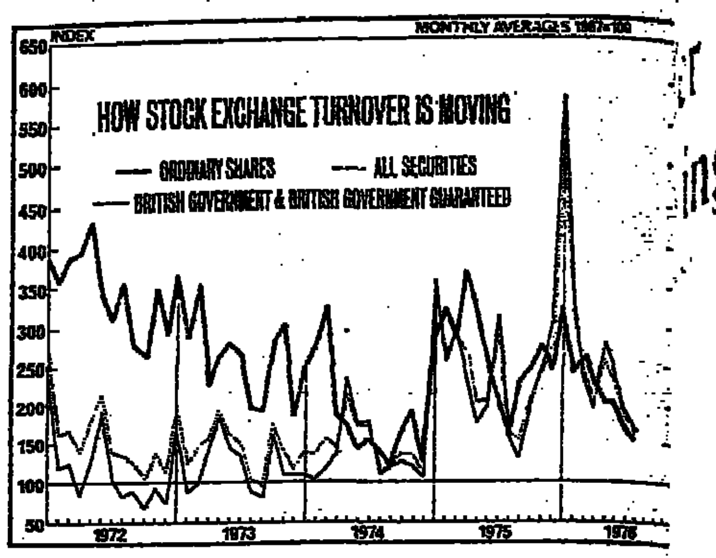
However, after improving from the end-July level of 61.97 to 62.30, the FT Government stocks index reacted to 61.47 on August 25 before closing the month a net 0.25 down at 61.72. Apart from the odd firm day on yield and capital appreciation attractions, the downward drift was generally attributed to fears that the long drought could lead to severe cuts in industrial production and an eventual three-day week, the worse than expected July trade figures which displayed a £524m. visible deficit and several adverse economic forecasts giving rise to worries about higher interest rates.

August turnover in Ordinary shares contracted a further £0.1bn. to £0.86bn., while total equity dealings were down another 14,676 on the month to 235,761 the smallest figure since September 1974. The average value per bargain was fractionally lower at £3,675. The FT equity turnover index for August was 154.6 compared with 172.4 in July, the January high of 321.0 and the 1975 average of 260.9.

The factors which aided gilts at the start of August also helped equity prices to rise initially and from its end-July level of 365.9, the FT 30-share index reached its month's high of 378.6 on August 11.

But acute disappointment with the July trade figures and doubts about the economic outlook led to a drying up of buying interest and, in thin trading, the index fell away steadily to close the month 15.1 points down at its 1976 low of 350.8; the 1976 high was 420.8 on May 4.

Gold shares were completely overshadowed by the worsening events in South Africa and the fall in the price of gold bullion. The latter slumped to $104.1 an ounce, its lowest since December, 1973, and the FT Gold Mines index ended August 28 lower at 87.2, after touching its 1976 low of 78.8 on August 25. It currently stands some 64 per cent. down from the January high for the year of 246.9; the all-time peak of 442.3 was recorded in May, 1975.



Category	Value of all purchases and sales £m.	% of total	Number of bargains	% of total	Average value per day £m.	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed:							
Short-dated (having five years or less to run)	2,742.4	50.6	24,595	7.4	130.6	111,501	1,171
Others	1,266.6	23.3	34,431	10.4	60.3	36,785	1,640
Irish Govt.	134.4	2.5	1,728	0.5	6.4	77,763	82
U.K. Local Authority	309.6	5.7	6,608	2.0	14.7	46,846	315
Overseas Govt. Provincial and Municipal	9.2	0.2	1,353	0.4	0.4	6,773	64
Fixed Interest Stock, Pref. and Prefd. Ord. shares	94.2	1.7	26,383	8.0	4.5	3,572	1,256
Ordinary shares	866.4	16.0	235,761	71.3	41.2	3,675	11,227
Total	5,422.8	100.0	330,859	100.0	258.2*	16,389*	15,755*

* Average of all securities.

BANK OF AMERICA
NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, September 1. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of September 2 at 11.00 a.m.
3 months: 5 11/16 6 months: 6 1/16

SDR1=US$1.15120

Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	167.4171
Afghanistan	Afghani (o)	45.30
Albania	Lek (m)	5.69
Algeria	Dinar (a)	4.1302
Andorra	Fr. Franc	4.9262
	Sp. Peseta	67.99
Angola	Ang. Escudo	31.15
Antigua	E. Caribbean $	2.70
Argentina	Ar. Peso (o)(†)	140.17
Australia	Australian $	0.8024
Austria	Schilling	17.555
Azores	Port. Escudo	31.15
Bahamas	Ba $	1.00
Bangladesh	Taka	15.2443
Bahrain	Dinar	0.3958
Balearic Is.	Sp. Peseta	67.99
Barbados	Barbados $	2.0025
Belgium	B. Franc (m)	38.735
Belize	B $	2.00
Benin	C.F.A. Franc	246.31
Bermuda	Bda. $	1.00
Bhutan	Indian Rupee	8.9847
Bolivia	Bolivian Peso	20.00
Botswana	Pula	0.8695
Brazil	Cruzeiro	11.13
Br Solmn. Is.	Australian $	0.8024
Br. Virgin Is.	U.S. $	1.00
Brunei	Brunei $	2.4620
Bulgaria	Lev	0.96
Burma	Kyat	6.7057
Burundi	Burundi Franc	90.00
Cameroun Rp.	C.F.A. Franc	246.31
Canada	Canadian $	0.9777
Canary Is.	Sp. Peseta	67.99
Cape Verde Is.	Cape V. Escudo	31.15
Cayman Is.	Cay. Is $	0.8350
Cen. Af. Rp.	C.F.A. Franc	246.31
Chad	C.F.A. Franc	246.31
Chile	Ch. Peso (m)	13.21
China	Renminbi Yuan	1.9272
Colombia	Col. Peso (m)	35.2004
Comoros I'ds	C.F.A. Franc	246.31
Congo (B'lle)	C.F.A. Franc	246.31
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.8299
Cyprus	Cyprus £	0.4137
Czechoslovakia	Koruna (m)	5.80
Denmark	Danish Krone	6.0510
Dominica	E. Caribbean $	2.70
Domin. Rep.	Domin'cn Peso	1.00
Ecuador	Sucre (o)	25.0
Egypt	Egyptian £ (o)	0.3905
Ethiopia	Ethiopian $	2.0855
Eq'l Guinea	Peseta	31.15
Falkland Is.	Falkland Is. £*	1.7746
Faro Is.	Danish Krone	6.0510
Fiji Is.	Fiji $	0.8500
Finland	Markka	3.8940
France	French Franc	4.9262
Fr. C'ty in Af.	C.F.A. Franc	246.31
Fr. Guiana	Local Franc	4.9262
Fr. Pac. Is.	C.F.P. Franc	89.65
Gabon	C.F.A. Franc	246.31
Gambia	Delasi	2.2340
Germany (E)	Ostmark (m)	2.5211
Germany (W)	Deutschemark	2.5211
Ghana	Cedi	1.1500
Gibraltar	Gibraltar £*	1.7746
Gilbert & Ellice Is.	Aust $	0.8024
Greece	Drachma	36.991
Greenland	Danish Krone	6.0510

Country	Currency	Value of DLR
Grenada	E. Caribbean $	2.70
Guadaloupe	Local Franc	4.9262
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Rep.	Sily	21.95
Guinea Bissau	Peso	31.15
Guyana	Guyanese $	2.5441
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	H.K. $	4.8970
Hungary	Forint (m)	39.55
Iceland	I Krona	185.70
India	Ind Rupee	8.9847
Indonesia	Rupiah	415.0
Iran	Rial	70.05
Iraq	Iraq Dinar	0.2961
Irish Rep.	Irish £*	1.7746
Israel	Israeli £	8.12
Italy	Lira	840.65
Ivory Coast	C.F.A. Franc	246.31
Jamaica	Jamaica $	0.9091
Japan	Yen	288.80
Jordan	Jdn. Dinar	0.330
Kampuchea	Riel	n.a.
Kenya	Ken. Shilling	8.4085
Korea (Nth.)	Won (a)	0.94
Korea (Sth.)	Won	484.0
Kuwait	Kuwait Dinar	0.2929
Laos	Kip (o)	60.0
Lebanon	Lebanese £	3.27
Lesotho	S African Rand	0.8695
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenst'n	Swiss Franc	2.4726
Luxembourg	Lux. Franc (m)	38.735
Macao	Pataca	5.3900
Madeira	Port. Escudo	31.15
Malagasy Rp.	MG Franc	246.31
Malawi	Kwacha	0.9132
Malaysia	Mal. Ringgit	2.5125
Maldive Is.	Mal. Rupee	8.5978
Mali Rp.	Mali Franc	492.62
Malta	Maltese £	0.4294
Martinique	Local Franc	4.9262
Mauritania	Ouguiya	49.26
Mauritius	M. Rupee	6.6982
Mexico	Mexican Peso	14.775
Miquelon	C.F.A. Franc	246.31
Monaco	French Franc	4.9262
Mongolia	Tugrik (m)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	4.5141
Mozambique	Moz. Escudo	31.15
Nauru Is.	Aust $	0.8024
Nepal	Nepalese Rupee	12.525
Netherlands	Guilder	2.6326
Neth. Ant'les	Antillian Guild	1.80
New Hebrides	Aust. $	0.8024
	Fr. Franc	4.9262
N Zealand	NZ $	0.9974
Nicaragua	Cordoba	7.02625
Niger Rp.	C.F.A. Franc	246.31
Nigeria	Naira	0.6263
Norway	Nrwg. Krone	5.5037
Oman, Sultanate of	Rial Omani	0.3454
Pakistan	Pkst. Rupee	9.9843
Panama	Balboa	1.00
Papua N.G.	Kina	0.7695

Country	Currency	Value of DLR
Paraguay	Guarani (m)	126.0
P'ple D. Rp. of Yemen	S Yemen Dinar	0.345
Peru	Sol	65.0
Philippines	Ph. Peso	7.430
Pitcairn Is.	NZ $	0.997
Poland	Zloty (m) (o)	3.32
Portugal	Port. Escudo	31.15
Port Timor	Timor Escudo	31.15
Principe Isle	Port. Escudo	31.15
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.938
Reunion Ile de la	French Franc	4.926
Rhodesia	Rhd. £	0.617
Romania	Leu	4.97
Rwanda	Rwanda Franc	92.84
St. Christopher	E Caribbean $	2.70
St. Helena	£ Sterling*	1.7746
St. Lucia	E. Caribbean $	2.70
St. Pierre	C.F.A. Franc	246.31
St Vincent	E. Caribbean $	2.70
Salvador El	Colon	2.50
Samoa (Am.)	U.S. $	1.00
San Marino	Italian Lira	840.65
Sao Tome	Port. Escudo	31.15
Saudi Arabia	Ryal	3.5338
Senegal	C.F.A. Franc	246.31
Seychelles	S. Rupee	7.3115
Sierra Leone	Leone	1.1278
Singapore	Singapore $	2.4620
Somali Rep.	Som. Shilling	6.2950
Sth. Africa	Rand	0.8695
S.W. Africa Territories	S.A. Rand	0.8695
Spain	Peseta	67.99
Span Ports in N. Africa	Sp. Peseta	67.99
Sri Lanka	S.L. Rupee	8.5978
Sudan Rp.	Sudan £	0.3482
Surinam	S Guilder	1.80
Swaziland	Emalangeni	0.8695
Sweden	S Krona	4.3958
Switzerland	Swiss Franc	2.4726
Syria	Syria £	3.9700
Taiwan	New Taiwan $	37.97
Tanzania	Tan Shilling	8.4860
Thailand	Baht	19.30
Togo Rp.	C.F.A. Franc	246.31
Tonga Is.	Pa'anga	0.7996
Trinidad	Trin & To'go $	2.40
Tunisia	Tunisian Dinar	0.4221
Turkey	Turkish Lira	16.00
Turks & C's	U.S. $	1.00
Uganda	Ug. Shilling	8.4056
Utd. Kingdom	£ Sterling*	1.7746
Un'd A'b Emir	UAE Dirham	3.9745
USSR	Rouble	0.7580
Upper Volta	C.F.A. Franc	246.31
Uruguay	Urug. Peso (m)	3.56
Vatican	Italian Lira	840.65
Venezuela	Bolivar (m)	4.29
Vietnam (N)	Dong (m) (o)	2.9300
Vietnam (S)	Piastre (o)	1.85
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8780
Yemen	Ryal	4.54
Yugoslavia	New Y. Dinar	19.28
Zaire Rp.	Zaire	0.8668
Zambia	Kwacha	0.5807

n.a. Not available. (m) Multiple exchange rate system, commercial rate used. (a) Approximate rate. (o) Official rate. *U.S. dollars per sterling unit. † Argentine peso: effective March 6, 1976. Exchange rate system merged, now only two rates, i.e., official rate and tourist rate.

For further information please contact your local branch of the Bank of America.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Old fashioned offer from Flying Tiger

BY JAY PALMER NEW YORK, Sept. 2.

TIGER International, the holding company of the U.S. West Coast air cargo carrier, Flying Tiger Line, has announced plans for a public offering in the New York bond market of Equipment Trust Certificates.

Although the $60m. size of the proposed sale is regarded as small, the announcement caught the market by surprise. While Equipment Trust Certificates were once very popular with the airlines as a means of raising public capital — and are still being used by the railroads — no air carriers have issued them since 1971.

The certificates are specifically geared to raising money to finance such hardware as aircraft, locomotives or cars. A trustee holds title to the equipment on behalf of the security's purchases until such a time as the public debt is fully repaid.

Because the obligations are considered to be among the safest of all corporate debt, past practices suggest that interest charges can be sharply reduced. Over the past few years, however, the glut of unsold used aircraft on the market, combined with the existing leverage problems of most of the carriers, resulted in the certificates going out of fashion.

Although none of the very large U.S. airlines would comment officially this morning on the Flying Tiger move, most accept that a successful offering could refocus interest in this method of financing.

Change in option tax approved

The House-Senate tax conference committee has approved tax changes affecting writers of stock options, Reuter reports from Washington. The committee agreed to treat gains from the lease of options and gains or losses from closing transactions as short-term capital gains or losses, instead of ordinary income or loss under present law. The proposal, which would raise some $10m. in taxes annually, would apply to options written after September 1, 1976.

Kloeckner-Werke

OWING TO an error in wire transmission, we erroneously stated that Kloeckner-Werke would increase its share capital to finance its takeover of Eisenwerke-Gesellschaft Maximulianhuette (Financial Times, August 17).

In fact, Dr. Herbert Gienow, Kloeckner's chief executive, stated that no capital increase would be necessary. The group states that it can easily finance the initial DM137m. (£30.5m.) tranche of Maxihuette shares from cash flow, as the depreciation volume alone is substantially higher than the purchase price.

PUK U.S. gains

PECHINEY Ugine Kuhlmann SA said U.S. industrial subsidiaries Howmet Turbine Components Corporation and Howmet Aluminium Corporation earned a net profit of Frs.15.6m. (Frs.10.3m.) in the first half of 1976, on turnover Frs.254.1m. (Frs.193.1m.), Reuter reports from Paris.

Long-term interest rates to rise in French market

BY RUPERT CORNWELL PARIS, Sept. 2.

AFTER A YEAR with virtually no movement, interest rates on the closely controlled long term capital market in France are about to rise, in parallel with the recent advance in short term rates.

The changing circumstances are illustrated in the terms set for the Frs.1bn. (£110m.) loan by the mortgage agency Credit Foncier to be floated on Monday —signalling the restart of activity after the usual summer shut down.

Instead of the 10.2 per cent. coupon in force since August 1975 for such state-guaranteed borrowings, the 15-year bonds will carry interest of 10.6 per cent. The increase makes it well nigh certain that forthcoming private sector loans, whose coupons have recently oscillated around 10.8 per cent., will be pitched at 11 per cent. at least.

In a sense the increase, which in France must have had the prior authorisation of the Finance Ministry, will be a relief for a market which had been encountering growing resistance in placing the quantities of bonds issued.

The capital market is regulated very carefully by the authorities, above all because of its importance as a source of funds for the state sector. Of the record Frs.44.1bn. (£5bn.) of debentures floated in 1975, almost two-thirds, or Frs.28.9bn., were issued by public or semi-public bodies.

This year the Government has already raised a direct Frs.2.5bn. (£280m.), and it is possible a further state loan will come this autumn, either to help fund the anticipated 1976 budget deficit, or to provide additional assistance to farmers hit by the drought.

In the meantime short term rates in France have risen. Bank rate was put up six weeks ago to 9.5 per cent., in a move designed to lessen pressure on the franc, while the "prime rate" of commercial banks has climbed to 9.2 per cent. from 8.8 per cent.

It is probable, however, that a second increase will be authorised shortly, since the cost of short term money is to-day around 9.5 per cent., having risen steeply since July.

Against this background, higher long term rates are hardly a surprise and underline the harsher economic climate about to overtake the country. However, they are no inducement at all for French companies to step up their investments, the need for which is acknowledged on all sides.

Tate/Manbré

Staley keeps watch

BY JOHN EDWARDS, COMMODITIES EDITOR, RECENTLY IN ILLINOIS

A U.S. COMPANY watching the Tate and Lyle take-over battle for Manbre and Garton with special interest is A. E. Staley Manufacturing, centred at the heart of the American "corn belt"—Decatur, Illinois.

Joint venture

Staley linked up with Tate and Lyle, and Compagnie Industrielle et Financiers des Produits Amylaces of Luxembourg, only recently in June, in a joint venture which resulted in Tate and Lyle paying £13.5m. for a one-third interest in two companies producing maize-based sweeteners and starch—Tunnel Refineries in Britain and G. R. Amylim, of Belgium. This venture is viewed by Tate and Lyle not only as a means of being able to enter the maize-based sweetner market, but also as a way of diversifying into the expanding starch products industry.

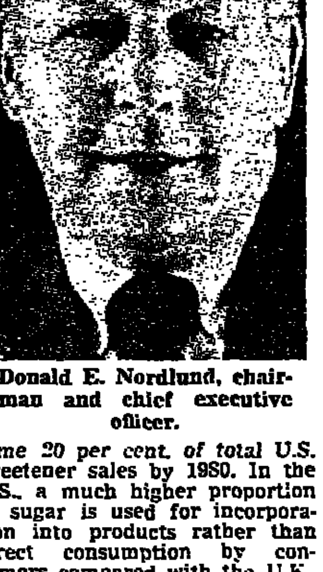
One of the advantages which Tate and Lyle reckoned to get from the £13.5m. it spent was the ability to tap the technological expertise developed by A. E. Staley in starch and other products as part of a joint move into much wider markets than just sugar and sweeteners.

The Staley group, which last year had turnover of nearly $777m., was one of the leading companies in achieving the remarkable breakthrough of corn-based, high fructrose syrups into the U.S. sugar market, when sugar prices went sky-high as the result of a temporary world scarcity of supplies. The result of this breakthrough showed in the group's net earnings, which leapt from $15m. in the year to September 1974 to over $50m. in the following year, raising the return per share to $9.46 against $2.84 previously.

However, the U.S. sweeteners market has now settled down. Sugar prices have fallen sharply, to much more competitive levels and, with other companies seeking to jump on to the corn syrup bandwagon, production capacity has exceeded present demand. This in turn has resulted in competitive pricing and lower profits.

Nevertheless, Staley views this as only a temporary set-back, to be expected after the bonanza profits period, and it is very confident that demand will catch up with production capacity again shortly—especially as newcomers to the market are unlikely to stay the course.

What is more, Staley feels that its advanced technological knowledge, developed over many years, will inevitably mean that it will be one of the leaders in the corn syrup market, which is expected to capture



Donald E. Nordlund, chairman and chief executive officer.

some 20 per cent. of total U.S. sweetener sales by 1980. In the U.S., a much higher proportion of sugar is used for incorporation into products rather than direct consumption by consumers compared with the U.K., so the scope for the liquid corn sweeteners is much greater.

Research for new sweetener markets is going on all the time at Staley's headquarters in Decatur, and one likely advance in the future is a breakthrough into the Coca Cola and Pepsi Cola drinks which are currently still wedded to sugar. At the same time Staley is busy working hard at developing new markets for modified starches of which, in the company's words, "seemingly endless combinations" can be achieved for food and industrial uses. The group has also decided to come back into soyabean processing in a big way, after virtually letting that side of the business slide away in previous years.

The original Mr. Staley who founded the group was one of the pioneers who persuaded farmers that soyabeans were a valuable crop to harvest rather than simply growing for improving the fertility of the soil in fallow years. The soyabean plant has a high natural nitrogen content.

But over the years, increased competition and depressed prices made soyabean processing unprofitable, and the group concentrated its energies on developing starch products for the paper and food industries. Now it is back in the soyabean processing business, with especial interest in developing new soy protein concentrates—which could well provide much of the world's food requirements in the future. The company claims to have developed a new process, which will help solve the taste problems which have limited sales of soy proteins. Mr. Donald Nordlund, chairman and chief executive looking over the big factory complex in Decatur visualised the small area at present devoted to soyabean protein development and manufacture as being, possibly, the biggest growth area in the future.

Certainly it is an aspect of Staley's operations of interest to Tate and Lyle as well in the general concept of expanding into world food markets closely linked to sugar and sweeteners. Another link between the two companies is the commodity market trading side. Trading on the Chicago futures markets, including hedging against maize (corn) and soyabean purchases, contributes a significant part of the group's earnings—just like Tate and Lyle with sugar trading. Co-operation between the two companies in this area could, therefore, benefit them both.

Much now depends on how three partners in the joint venture can co-operate to their mutual advantage. It is a long way form Decatur—a small town in the huge U.S. mid-west farming area—to the City of London.

Takeover risk

Although Staley sees Tate and Lyle's takeover bid for Manbré and Garton as a move to solve the suprlus sugar cane, refining problem in the U.K. once and for all, it acknowledges that Manbre's present agreement with National Starch—a U.S.-based group and direct competitor to Staley—would be put at risk. But Staley is anxious to expand overseas, to broaden its base and make the most of the expertise built up in Decatur over the past 70 years or so.

Westland profits rise

BY MICHAEL VAN OS AMSTERDAM, September 2.

WESTLAND - UTRECHT, Holland's largest mortgage bank, says business developed favourably in the first half of the year, with the help, among other things, of new offices being opened and lower interest rates which encouraged home buying.

It stated here to-day that its net profit has risen to Fls12.7m. from Fls.10m. in the same half of 1975, while the operating profits had advanced to Fls.31.2m. (Fls23.9m.). The Board added that a continuation of this favourable trend was expected for the second half, based on the large number of mortgage loan requests being dealt with.

Illustrating growth rates, Westland-Utrecht said it had signed about 9,200 mortgage loans in the first half of this year, including increasing existing loans, to a total of Fls935m., which compares with about 6,500 loans and Fls687m., for January-June, 1975. After deducting redemptions, the portfolio increased by Fls609m. to Fls4.71bn., while the increase had been Fls400m. last year.

The company also noted that business had been "favourable" in the property sector, thanks to an increasing number of sales of projects developed by the company. The number of new projects begun guaranteed continued growth.

SWISS COMPANIES

Intershop in new projects

BY JOHN WICKS ZURICH, Sept. 2.

PARTICIPATION in a number of new European projects is announced by the Zurich company Intershop Holding AG, whose activities are concentrated on the financing of shopping centres. The biggest of these is what will be Austria's largest shopping centre—and one of the largest in Europe—to open near Vienna on September 22 with a gross leaseable area of almost 400,000 square feet. As well as having taken part in the development of this project, to be known as Shopping City Sud, Intershop holds a one-third stake in the capital of the operating company.

In France, leasing is to start this year of a shopping centre in Strasburg in which Intershop has a minority shareholding, while it is intended that Intershop will participate in a capital increase to Frs.180m. (Frs.120m.) planned by the French real estate financing company Interball, retaining its stake of 18.95 per cent.

Intershop also has a number of projects in hand in Switzerland and foresees further engagements in Germany, where its major interests are in the extensive shopping centres Main-Taunus, near Frankfurt, and Rhein-Neckar, near Mannheim.

In the U.S. an investment programme involving the financing of a chain of "Stop-N-Go" convenience food shops will be completed in November, while in Canada Intershop holds small stakes in various developments in Toronto. The company considers the U.S. worthy of further investments, but as yet can announce no concrete plans.

For the financial year ended March 31, 1976, the company recorded the further rise in earnings despite a sharp decline in interest receipts. Due to book losses resulting from exchange rate fluctuations, however, the net profit rose only slightly to Sw.Frs.3.5m. (Sw.Frs.3.46m.), for which dividend of Sw.Frs14 per share is to be distributed

Moevenpick expands abroad

THE SWISS catering concern Moevenpick, whose activities are concentrated on restaurants and hotels in Switzerland and the management of a restaurant chain in Germany, has further plans for expansion. While actual investments will in future be limited to Swiss and German projects, the group intends to operate as an architect, operational planner, franchiser and management consultant elsewhere in the world. Among new markets Moevenpick Holding, the parent company of the concern, foresees the Near and Middle East.

This month a 500-bed motel designed and built by Moevenpick for the Egyptian Government and to be managed by the Swiss company will open near the pyramids, while a series of seven restaurants will be opened in a shopping centre in Vienna and a new Swiss Motorway restaurant at Kempthal, near Zurich. A large Moevenpick restaurant is to come into use in Hanover in November.

In 1977 Moevenpick will open two further Swiss restaurants, while in autumn of that year a franchise unit consisting of a restaurant and a snack bar will be opened in Tokyo.

Earlier this year, Moevenpick added new German restaurants to the chain and took over the management of a 1,000-bed hotel near Izmir in Turkey.

Sulzer repays convertible

IN ORDER to reduce interest costs and augment company capital, the Swiss engineering company Sulzer Bros. has decided to repay outstanding bonds of its 1971 convertible bond loan as of December 31. Until this date bonds of the 5¾ per cent. Sw.Frs.50m. issue can be converted at a 1:5 ratio against participation certificates. With a conversion price of Sw.Frs.366 per participation certificate, which will mean that bond holders will receive Sw.Frs.320 in cash as well as the five certificates for each bonds of Sw.Frs.2,000 nominal value.

Unconverted bonds will be repaid at a rate of 102 per cent., or Sw.Frs.2,040.

It had been intended to convert the ten-year issue prematurely in any case, according to Sulzer. The present Stock Market quotation levels provide a favourable yield for bond holders. Yesterday the convertible bonds were quoted at 123 per cent. and the participation certificates at Sw.Frs.455.

Denmark launches $100m. Eurobond

BY MARY CAMPBELL

HARD ON the heels of its DM850m. issue (about $336m. or £190m.), Denmark has now launched a $100m. Eurobond issue.

The terms include an indicated coupon of 8¼ per cent. on an eight-year maturity. The lead manager is Union Bank of Switzerland (Securities). A sinking fund will operate from the first year to bring the average life down to seven years.

Denmark has already raised well over $1bn. in foreign loans this year. Its net foreign debt is now around $4.5bn. and servicing of the public sector long term debt alone is expected to amount to between $400m. and $500m. next year.

* * *

MACMILLAN Berlitz Finance is raising $20m. in five year notes on the Eurobond market. The notes will be guaranteed by the parent Macmillan, the American publishing company. Indicated coupon is 9 per cent., and lead manager Orion Bank.

Macmillan has no senior debt outstanding on the U.S. bond market. Its convertible subordinated debt due 1992 is rated trebled-B by Standard and Poors and BA by Moody's.

AGA sales rise 13%

BY JOHN WALKER STOCKHOLM, September, 3.

AGA, the Swedish industrial gas, welding and electronics concern, reports that group sales during the first half of this year rose by 13 per cent. to Kr.1.28bn. (£155m.) compared with the same period last year.

The pre-tax profit for the period under review amounted to Kr.104m. (£13m.) compared with Kr.82m. for the first half of 1975. Costs rose from Kr.931m. during the first half of 1975 to Kr.1,035m. in the first six months of this year.

Earlier this year AGA disposed of its shareholdings in two companies, AB Bahco and NKR Miljo AB, which provided a profit of Kr.3m. and a capital of Kr.50m. (£6.2m.). Negotiations for the sale of AGA's Tudor battery subsidiary commenced earlier this year with ESB, the American battery company. Negotiations are still underway and are expected to continue, possibly into next year.

The four main divisions of the company reported better sales this year, with the gas division sales going up by 18 per cent. to Kr.557m. welding division sales amounted to Kr.152m., a rise of 10 per cent., battery division sales increased by 4 per cent. to Kr.132m., and the heating division's sales were up 13 per cent. to Kr.257m. The radiator division, which showed a loss last year, now shows a positive result.

The profitability of the concern for the first half of this year is better than forecast in the 1975 annual report, Mr. Sven Agrup, the managing director, says. He forecasts that the pre-tax profit for the whole of 1976 will be between 15 and 20 per cent higher than last year.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9¼pc 1988	102¼	103
Aquitaine 10pc 1985	104½	105¼
Bowater 9¼pc 1986	101¼	102
Caisse National Autoroute 9pc 1986	99¼	100¼
C.N.E. 9¼pc 1985	100¾	101¼
E.C.S. 9¼pc 1986	101¼	102
E.I.B. 9½pc 1985	103¼	104¼
Erap 9¼pc 1985	102¼	103
Esso 8pc 1986 Nov.	100½	101¼
Eurofima 8¼pc 1983	100¼	101
Granges 9¼pc 1985	102¼	103
I.S.E. Canada 9¼pc 1986	102¼	103
Massey Ferguson 9½pc 1991	101½	102¼
Michelin 9¼pc 1986	100	100¾
Modo 9¼pc 1983	101½	102¼
Nat. Westminster 9pc 1986	99½	100¼
Norpipe 9¼pc 1986	100½	101¼
Norsk Hydro 9¼pc 1986	102	102¾
Oslo 9pc 1988	100¼	101
Pacific Light 8pc 1988	93¾	97¼
Prov. Quebec 9pc 1984	100¾	101¼
Sandvik 8¼pc 1986	101½	102¼
Prov. Saskatchewan 8¾pc 1986	100½	101¼
S.F.E. 9pc 1993	100	100¾
Shell 8pc 1988	100¾	101¼
Standard Oil (Ind.) 8¼pc '88	103	103¾
Svenska Handels 8¼pc 1986	101	101¾
Volvo 9¼pc 1985	103¾	104¼

NOTES	Bid	Offer
Bank of Tokyo 8¼pc 1981	100½	101¼
Barclays 9¼pc 1982	102¾	103½
British Gas 9pc 1981	100	100¼
Charbonnages France 8¼pc 1981	100	100¾
Denmark Mort. Bank 9pc 1983	100½	101¼
E.C.S. 8¼pc 1981	100½	101¼
E.E.C. 8¼pc 1982	99	99½
Montreal Urban 8¼pc 1981	98¼	99
Nacional Financiera 10pc 1981	102½	103¼
National Coal Board 8¼pc 1981	98¼	99
New Brunswick Prov. 8¼pc 1983	100¾	101½
Seagram 9pc 1983	101¾	102½

Source: White Weld Securities, London.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	86	88
Ashland 5pc 1988	93½	85¼
Beatrice Foods 4¼pc 1992	98	100
Beatrice Foods 4¾pc 1992	113½	115½
Borden 5pc 1992	100	101
Broadway Hale 4¼pc 1987	77½	79¼
Canon Camera 7¼pc 1988	142	—
Carnation 4pc 1987	84	86
Chevron 5pc 1988	117	119
Dart 4¾pc 1987	84½	86¼
Eastman Kodak 4½pc 1988	112¼	114¼
Economic Labs. 4¼pc 1987	76½	78½
Fed. Dept. Stores 4¼pc '85	116	118
Firestone 5pc 1988	88	90
Ford 6pc 1986	96	98
Ford 5pc 1988	86	88
General Electric 4¼pc 1987	88	90
Gillette 4¾pc 1987	77	79
Gould 5pc 1987	97	99
Gulf and Western 5pc 1988	97	99
Harris 5pc 1992	94½	96½
Honeywell 6pc 1986	86	88
ITT 4¼pc 1987	77	79
Komatsu 7¼pc 1990	105½	110
J. Ray McDermott 4¾pc '87	142	144
Mitsubishi Elec. 7¼pc 1991	103	104¼
Mitsui 7¼pc 1990	104	105¼
J. P. Morgan 4¼pc 1987	107½	109½
Nabisco 5¾pc 1988	94½	96¼
Owens Illinois 4¼pc 1987	98	100
J. C. Penney 4¼pc 1987	81½	83½
Pioneer 6¼pc 1989	311	—

	Bid	Offer
Raymond 8¼pc 1983	101½	102¼
Revlon 4¼pc 1987	110½	112½
Reynolds Metals 5pc 1988	92	94
Sperry Rand 4¼pc 1987	97½	99¼
Squibb 4¼pc 1987	77½	79½
Texaco 4¼pc 1988	79	81
Toshiba 6¼pc 1990	108	109½
Union Carbide 4¼pc 1982	111	113
Warner Lambert 4¼pc 1987	91½	93½
Warner Lambert 4¼pc 1988	93½	95½
Xerox 5pc 1988	79½	81½

Source: Kidder, Peabody Securities.

SA sugar producers pick up

BY RICHARD ROLFE JOHANNESBURG, Sept. 2.

SUGAR SHARES have been a weak market recently in Johannesburg, dropping more sharply than the generally beleaguered industrial indices. This is in line with the declining London daily price, now down to £120 after the July highs around £197, which reflected the possibility of a major failure of the European beet crops.

The South African industry, producing just under 2m. tons per year, of which 40 per cent. is exported, mainly to Japan and Canada, operates on the basis that it sells at a loss in the home market but usually makes enough on exports to show substantial profits, part of which are transferred to the industry's price stabilisation fund. This now stands at around R70m. (£47m.). Taking both exports and home consumption, the industry reckons its break-even point is £130 per ton, and so the recent LDP fall below this level threatened to induce withdrawals of about R50m. from the fund if viability was to be retained.

Only in April, the Minister of Economic Affairs, Mr. Chris Heunis, refused a plea from the SA Sugar Association to revise the formula which allows both growers and millers fixed pre-tax returns on the depreciated historic book values of assets, while adding that neither was he prepared to see a massive drawdown on the stabilisation fund.

The fall below the combined breakeven point left sugar shares in the doldrums in the face of these apparently immovable objections, and last week the industry leader, C. G. Smith, fell to 625c, to yield 10.4 per cent. Other shares, such as Illovo, controlled by Tate and Lyle, also touched annual lows and Huletts, with its big Rhodesian sugar interests, was 185c to yield nearly 18 per cent. Tongaat, in which Anglo American is the biggest shareholder, and which historically has had the lowest yield in the South African industry, was 225c to yield 9 per cent. All these dividends are covered one and a half to three times by historic earnings.

This week the Ministry of Economic Affairs bowed to the inevitable and sanctioned a price rise of R25 per ton, to take the domestic price up to R131 per ton on average, still well short of the industry's average cost of production of R185 per ton. At this level, a one-kilogram pack costs 14c in South Africa, which is still one of the lowest costs to the consumer in the world.

Mr. Anson Lloyd, chairman of the Sugar Association, still described the increase as "insufficient to alleviate the economic position of the industry, following the sudden and major fall in the world export price in recent weeks."

He added that unless there was a recovery in the export price, a further rise would be needed in the near future, or the industry would be unable to recover its cost of production this season and still less able to do so next season, with local demand rising 7 per cent. per year in the face of static production capacity.

In the market, however, the attitude was that if it can move an inch it can move a mile, and Sugar shares have recovered about 10 per cent. on average, with Smith picking up to 670c and Huletts to 215c.

This has been proportionately far more than the recovery in the RDM 100 index of all industrials, which has just shown its first uptick in three weeks.

The Property Market

BY QUENTIN GUIRDHAM

Trafalgar House's City ambitions

What may be the most valuable single letting of a whole building in Britain was finally signed last week, when the Alexander Howden Group signed up with Trafalgar House for the Billiter Building on the corner of Leadenhall Street and Billiter Street in London, E.C.3. The intention to lease the nearly 164,000 square feet gross, 133,688 square feet net of offices was confirmed many months back. What has taken the time has been the insurers making doubly sure of all the details, with Trollope and Colls making some changes to make the building right for a single user rather than several tenants, and there was also quite a complex legal side of the underlease being carved out of two headleases (to the City Corporation and the Bethlem Hospital, though the main freehold is Trafalgar House's).

The rent is, apparently, something around £2.2m. a year, enough for it to be reckoned as £16-plus a square foot on the net office space. Howden, which on Wednesday announced interim profits up from £6.29m. to £8.08m., sounds very pleased about the Billiter Building (though it won't keep that name and will go for a Leadenhall Street address). As a newcomer to the bigger league of insurance broking and underwriting, it now reckons to have "the best insurance building in the City, and could take that to mean in the world."

With that sort of rent bill, it is just as well they are happy with the product. But the attitude is easily explainable: the insurance sector is the one that has continued making money, and, with some major banking property decisions indicating a decline in the importance of being within a furlong of the Bank of England, Lloyds may now represent the magnet store of the City. In the sort of property market experienced in the last year, exact pitch has only become more important in this bit of the City. The appeal of the Lloyds Triangle may mean that the south side of Leadenhall Street is now worth £2 a square feet more than the north, and for any large units one could add something for scarcity value.

Howden has been growing rapidly, in premises as well as turnover, so that with the takeovers of Halford Shead and Morice Tozer and Beck in the last year, the current count is 35 separate premises in London. Some years back it was granted an ODP on the Laing's South Bank development which was delayed by a squabble between the Southwark Council and the Greater London Council. The idea of this was to bring some of the data processing and insurance company operations up from Croydon. But the requirements changed with growth. Southwark was anyway delayed (though Laing eventually won its point) and Billiter came on the market. Howden can now use the space for brokers and underwriters who have to be near Lloyds, and the centralisation anyway helps to integrate the takeover companies.

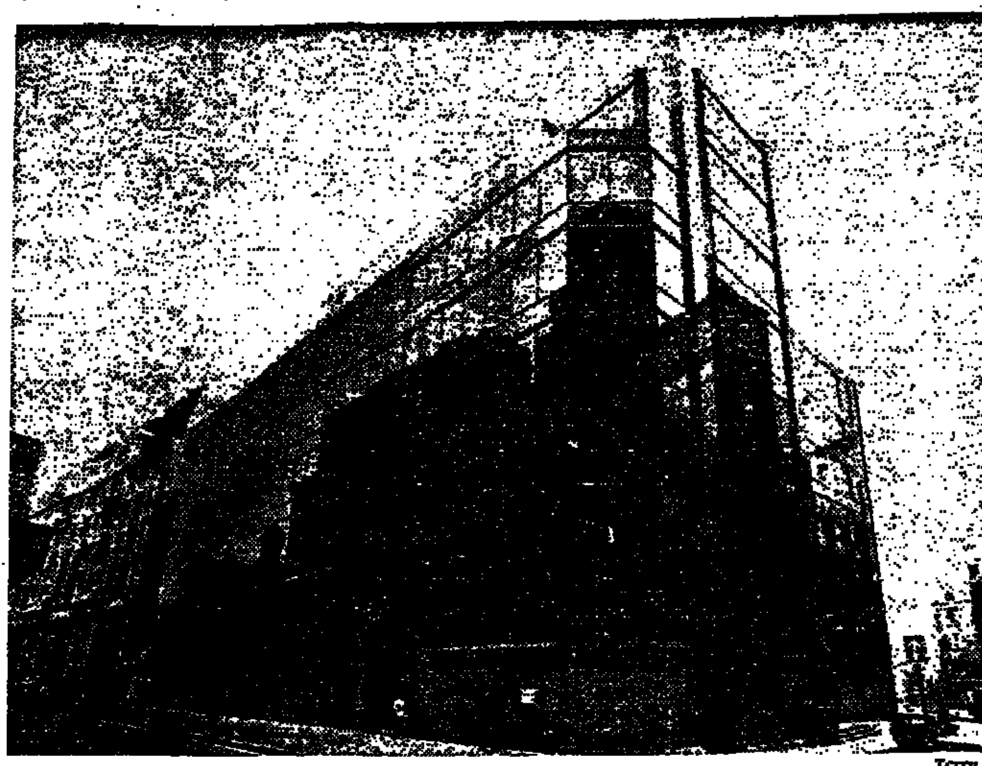
What of Trafalgar House? Its policy and that of agents Hampton and Sons—Chestertons acted for Howden—of hanging on for the right rent has paid off, just as it has on Leadenhall House and on 120 Fenchurch Street, where American International Underwriters (London) took 24,465 square feet in June and where Hampton and Richard Ellis have three floors left at an asking rent around £17 a square foot.

Though it has two more City projects to let up—80 Cannon Street (38,000 square feet with marketing just started) and Broad Street House (70,000 square feet ready later in the year)—Victor Matthews, deputy chairman and managing director, says the company is looking at a "*number of possibilities*" in the City, including a couple of schemes already begun by other companies. And there are also the giant Chiswell Street scheme with Whitbread, and the Wine Office Court site bought recently pre-let, which Matthews calls a "pure trading situation" and "modestly profitable." (On Chiswell Street the necessary site work has been done to satisfy land legislation and it appears that the two partners will, in one form or another, fund the scheme—Whitbread's alternative of funding it outside having been dropped.

The interesting point here is that Trafalgar House has for a long time been saying that it could not see the point of a property investment role for a taxed company, so the logic must be that the present large investments it holds, and anything it builds in future (including £4m. to £5m. that it has spent on industrial sites in the past year) must come up for sale sometime soon. On just how soon, Matthews says he sees something held for up to five years as still a trading operation and that none of the recently completed and let City properties is yet on the market. "Timing is something we haven't even thought about," he says, though adding that anyone who makes a serious offer is bound to be considered.

But THI, without the money troubles of so many others, can clearly wait to see if yields and rents move any further in their favour. With what seems a fairly stable level of yields at present (or is it just the summer holidays?), it may be that a few more months without any obvious signs of a further fall (and with some more evidence of reversionary deals like Legal and General's for the Croydon Centre) that a few more potential sellers will come off the fence and offer the institutions more of the high quality stock which they complain is so short at the moment. There must also be some companies who cannot stave off the banks much longer with talk of falling yields.

That scenario, however, might be changed by general knowledge of just a handful of high-priced deals. For present certainties, it is back to Lloyds and another deal involving Hampton and Sons (whose City office reckons to have been involved in over 200,000 square feet of good property in the last few weeks). It acted for INA Corporation, the heavyweight U.S. insurance group, in paying £3.4m. for the ground lease of 8-11 Lime Street to Land Securities subsidiary City of London Real Property. It seems that, taking in the terms of the headlease from the City Parochial Foundation, this deal on the new 29,000 square feet building (8,000 square feet of which will be let) ties in with the sort of rental values confirmed by Billiter Building.


Terry Kirk

Alexander Howden Group's new headquarters, for which the rent bill will be £2.2m. a year, seen from the corner of Leadenhall Street and Billiter Street. The individual floors range from 12,000 sq. ft. to 18,000 sq. ft., as what you cannot see from here is how far the first floor and below extend back beside Billiter Street. Also out of sight is an enclosed landscaped courtyard. With August to January the busiest time for the insurance group, the phased moving-in operation will start next spring.

OUT AND ABOUT

● Liquidation of the Lyon Group is not going as smoothly as was hoped when Cork, Gully prepared a statement of affairs as at March 1975. A letter to creditors setting out the accounts from April 1975 to July 1976 says that "as the property market remained depressed for so long the interest which has continued to accrue has absorbed or substantially reduced the equity available to the joint liquidators." During the period mentioned sales produced a £353,000 "surplus," which comes through to the liquidators, and they estimate that something like another £350,000 should result from disposal of the remaining properties. Trade debtors are shown as having realised £184,000 to date (some of this relating to work finished off after the Group failed) and the total from this source is estimated to reach not less than £345,000.

There are plenty of details *left unsettled, including the tax* bill, and it is now reckoned to be "at least 12 months" before it will be possible to consider any interim dividend to unsecured creditors. Meanwhile the balance in the joint liquidators account at end-July was £468,000.

● Whitehall has decided to take MEPC's case on whether government offices were subject to the Rent Freeze to the House of Lords. This is despite a three-nil decision by the Appeal judges in the company's favour and the stipulation that MEPC gets its costs paid in the Lords whichever way the final decision goes. With accrued interest, a favourable outcome means around £2m. for the company. MEPC's current bit of news is confirmation that the rest of Blackfriars House, about 30,000 sq. ft., has been let (the top five floors of 40,000 sq. ft. went to solicitors Clifford-Turner). The rents are about £8.30 a square foot. Joint agen[ts] for MEPC were Jones La[ng] Wootton and Michael Laurie Partners.

● Tesco has paid about £500,0[00] to a private family company, S[uf]folk House (Sevenoaks) for [a] two-acre site in Sevenoaks Hi[gh] Street. In place of the para[de] of six small shop units a[nd] garages, Tesco will do a develo[p]ment to include 10,000 sq. [ft.] (gross) of offices and four/fi[ve] shop units in order to get [a] 33,000 sq. ft. store unit for itse[lf]. The shops and offices will [be] leased. Tesco will also provi[de] parking for 140 cars and th[en] hand over the park to the lo[cal] authority. Healey and Bak[er] acted jointly with Prall, Cha[m]pion and Prall, who ha[ve] managed the property for ma[ny] years, in the disposal. It h[as] been quite a saga, for the owne[rs] first offered it for sale in 19[..] but the sale did not materiali[se] when the then local authori[ty,] Sevenoaks UDC, decided on a [...] redevelopment planning policy.

● Sales by tender have be[en] quite a rarity recently. Pilch[er] Hershman and Partners a[nd] Druce and Co. have decided [on] one for the freehold of No. [...] Savile Row, London, W.1, own[ed] by Apple Corps, the Beatl[es] company. It has planning pe[r]mission for 10,000 square fe[et] net of offices and there is [an] existing 2,000-square-foot ba[se]ment studio. Some years ba[ck] it was decided to redevelop a[nd] most of the building has bee[n] demolished but it seems the F[ab] Four then lost interest. Tend[er] date is October 14.

● Hambro Life Assurance h[as] paid something over £500,000 f[or] an estate of nine warehousi[ng] and factory units at Hambrid[ge] Lane, Newbury, totalling 57,8[..] square feet with covenan[ts] including ICI, Securicor and [a] Hawker Siddeley subsidiar[y]. Berkeley Hambro Property, th[e] Hambro Life managers, acquir[ed] the property through the intr[o]duction of Prevezer and C[o.] Barrington Laurance and Rolar[...] Quick and Co. Vendors we[re] represented by Martin and Pol[...]

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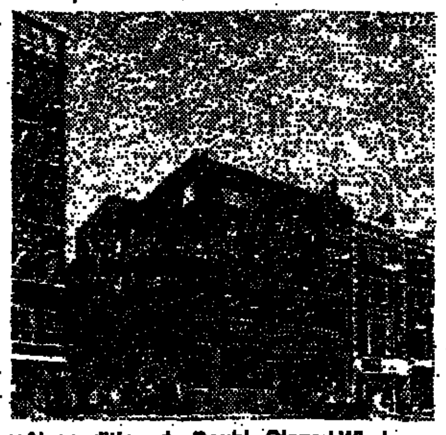

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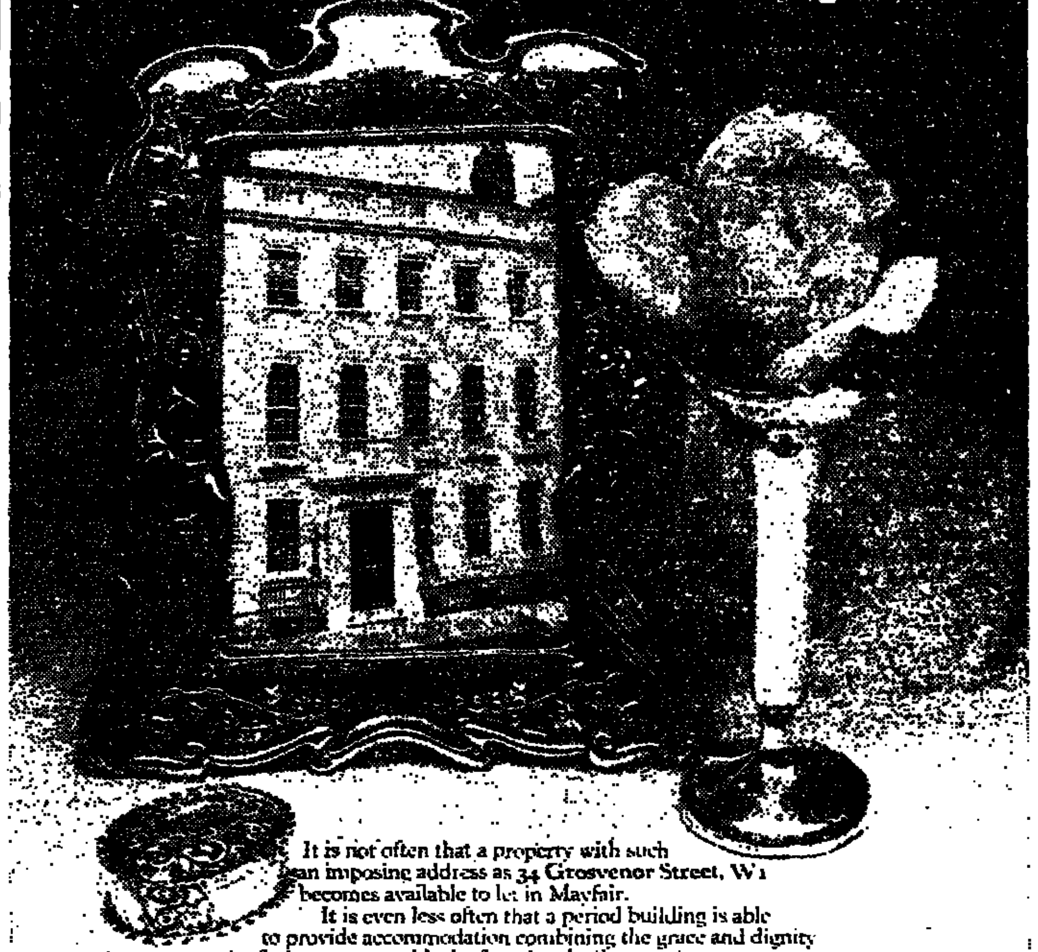

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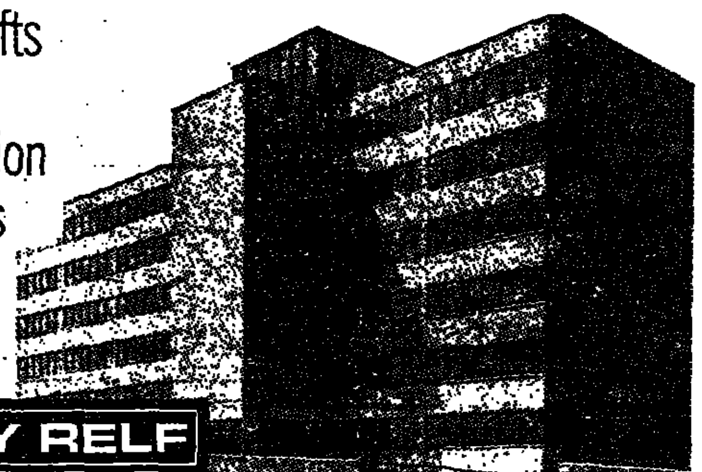

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For the repayment of the balance, being US$1,618,000, a drawing of lots took place in the presence of a solicitor.

Bonds listed below may be redeemed at par as from 1st October 1976 with coupons up to 1st April 1977 and onwards.

14	29	58	59	95	101	112	117	119	123	128	150	169	171	174	182	195	198	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

Bonds drawn on 1st October 1975 which have not yet been presented for repayment.

[illegible]

Bonds drawn on 1st October 1974 which have not yet been presented for repayment.

[illegible]

Bonds drawn on 1st October 1973 which have not yet been presented for repayment.

[illegible]

Bonds drawn on 1st October 1972 which have not yet been presented for repayment.

[illegible]

Bonds drawn on 1st October 1971 which have not yet been presented for repayment.

10587 14717 14718 14719

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NORTH SEA OIL REVIEW

BY RAY DAFTER

How MESA could turn up trumps

THE RECENT discovery by the MESA Petroleum offshore exploration group a few miles off the Scottish coast is causing considerable interest within the oil industry. It could be the key to a new area of low-cost development.

Others have explored that area of the Moray Firth before but without success. A well in the adjacent block 11/26 showed traces of oil but not enough to deter the Hamilton Group from relinquishing the licence. At least five other exploration wells in nearby quadrant 12 acreage have proved unsuccessful, leading to a rash of relinquishments.

So MESA's attempts have been watched with a good deal of scepticism, and some amusement, by the rest of the industry. There has been a marked change in their interest, however, as evidenced by the arrival in Aberdeen this week of a number of oil company executives, clearly intrigued by the prospects on MESA's block 11/30.

An indicator of the interest lies in the rumours now circulating in the industry. It has been suggested that recoverable reserves could exceed 20m. barrels; some have talked about a size of Argyll Field proportions; in other words around 70m. barrels. These potential reserves are not particularly startling when set alongside Brent's 2bn. barrels or the Forties' 1.8bn. But if they prove to be in this 20m.-70m. barrels range, the reservoir could well be commercial. The well was drilled in only 150 feet of water; a mere 12 miles from land — a far cry from the remote, deep water conditions facing most of the North Sea oil companies.

But this may all be needless speculation. As yet the well has not been fully tested; it is far too early to talk realistically about possible reserves. What is known is that MESA has encountered oil-bearing Jurassic sands in the interval from 6,060 feet to 6,870 feet. This gives a clue to the reason for the group's apparent success and, possibly the failure of others. The nearby dry holes failed to reach such depths.

MESA, as the U.S. operator for the six-company group, has said that evaluation of conventional core samples and electrical logs indicates the presence of about 300 net feet of oil-bearing sand. Although drilling continued to well below the 7,000 feet level, it is understood that the hole has been plugged back to about 6,500 feet.

The find, if confirmed, will not only be encouraging from the country's point of view—it will add to the list of a dozen published discoveries this year —but it will give heart to smaller companies competing against the majors for a slice of North Sea oil. Many of the groups are concerned that they may be overlooked by the Government in the limited fifth round of licences, now on offer.

MESA, which owns a 25 per cent. interest in the 55,000 acre block, is little known in the U.K. where it has a tiny set-up. Its name is more familiar in the U.S. and Western Canada where it has appreciable exploration and production interests. Its total net production of crude oil and natural gas liquids last year, for instance, totalled 3.72m. barrels. Balance-sheet total assets last year amounted to $497m. while net assets were $287m.

Other members of the exploration group are Kerr-McGee Corporation (25 per cent.); Hunt Oil (15 per cent.); P & O Petroleum (15 per cent.); Creslenn (15 per cent.); and Exploration Holdings Corporation (5 per cent.). The presence of some of these smaller companies points to another reason for oil industry interest in the find. Some of the members may well have to seek financial help from larger groups to finance further evaluation work and possibly production.

Ball and Collins (Oil and Gas), another of the smaller North Sea participants, has its own particular reason for being interested in the success of the 11/30-1 well. About six weeks ago, the group was granted a shore-based licence to explore for oil and gas on a coastal strip in the area. It is possible that drilling may begin next year backed up by both land and marine seismic work. The group has no hope of reaching the depths attained by MESA, however; as usual with land licences, drilling is restricted to 300 metres.

Shareholders of Ball and Collins have just received details of changes in the Premier Group that should shortly begin drilling an exploration well on block 29/8b. The well will be drilled some 22 miles to the north-west of Shell's Auk Field on the Argyll-Auk geological trend.

In essence, Gulf Oil, presumably optimistic about prospects, is to take a substantial stake in the venture. It is understood that Albany Oil and Gas has assigned the whole of its 2 per cent. interest to Gulf, and that four other partners, Shaheen Natural Resources, the Petroleum Corporation, Page Petroleum and Rand Resources have assigned half of their respective interests to the major U.S. group. The interests of Ball and Collins, operational managers, Premier Consolidated Oilfields, Johnson Exploration of Sweden and Neste exploration of Finland remain unchanged.

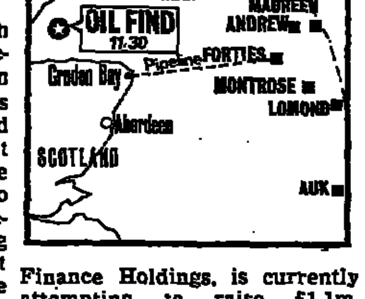
But the deal is complicated further. Ball and Collins which has an overriding royalty interest of 1.5 per cent. in any oil or gas produced, has sold 23.75 per cent. of this interest to Gulf for "a substantial sum." It is possible that some of the cash will be used to acquire a portion of Premier's 12.1 per cent. interest in the concession. Ball and Collins has an option to buy 2.5 per cent. from the 12.1 per cent. working interest through the agreement with Premier.

One of the most active North Sea operators, Texaco, has successfully tested an exploration well on block 15/23, close to its Tartan Field which is expected to feature in a development programme next year. The well flowed at rates up to 5,371 barrels a day through restricted chokes, an encouraging test after Texaco's first attempt on the block. This well, some four miles away, produced only uncommercial shows.

More work will be needed on 15/23 before the commercial potential can be assessed; it seems unlikely that the field could be developed in conjunction with Tartan as they are too far apart. On the other hand, like Tartan, the field is close to Occidental's Piper pipeline, a proximity which could facilitate development.

The rig Sedneth 701, used in the operation, has moved to Transworld's 21/1 block to drill a well north of the Buchan Field. Drilling has just started on this well which is being drilled as a joint venture with Texaco which owns the concession on the adjoining 20/5 block.

A group with interests in the Buchan Field and the neighbouring block 21/6, Charterhall Finance Holdings, is currently attempting to raise £1.1m. through a rights issue in order to provide additional working capital for North Sea oil interests.



Charterhall has a 37.02 per cent. shareholding in CCP North Sea Associated through which it is interested in 7.84 per cent. of blocks 21/1 and 21/6. CCP North Sea has also announced that it is raising some £1.4m. through a rights issue and here Charterhall has agreed to take up its full entitlement.

The Sedneth 701 rig is due to be returned to Texaco after the 21/1 operation and it is on the cards that the company will then undertake appraisal work on its 15/23 find.

Shell and Total appear to have been less fortunate with their lengthy and expensive exploration well on 206/5, north-west of the Shetlands. The rig, Sedco 700 had been on location since April 22, drilling to well over 12,000 ft. But the test, viewed as a rank "wildcat" operation, appears to have been unsuccessful: the well is being plugged and abandoned.

A similar step was taken with Shell/Esso's exploration well on block 210/20, immediately to the north of the group's Tern Field. Shell and Esso are still considering which of their Tern and Cormorant extension finds to develop first.

This brings us to probably the most intriguing exploration operation in the North Sea, the Placid Group's well on 16/12 on what appears to be part of the elongated Brae structure. The trio involved in the concession —Placid, Hunt International and Viking Oil—could hold a valuable piece in the Brae jigsaw. The block lies between Pan Ocean's important Brae find and the Phillips Group's Thelma discovery—again on the same structure—on 16/17.

For the past couple of weeks the group has been frustrated by technical problems but it is believed that these have largely been overcome. Consequently, the all-important testing could begin within a few days.

RIG MOVEMENTS OFFSHORE THE U.K.

Group	Block	Rig	Group	Block	Rig
BP	42/30	Key Gibraltar	Placid	16/12-1	Venture 1
BP	211/12-4	Sedco 703	Premier	29/8-8	Ocean Voyager
BP	20/10-2	Sea Quest	Shell	211/29-7	Stadrill
Conoco	3/7-2	Dundee Kingsnorth	Shell	206/5-1	Sedco 700
Hydrocarbons	106/28	Drillmaster	Shell	211/23-6	Chris Chenery
MESA	11/30	Penrod 65	Sun	211/22-1	Penrod 71
Mobil	9/13-13	Sedco 704	Total	3/25a-3	Pentagone 84
Occidental	—	Bredford Dolphin	Transworld	21/1-4	Pentagone 82
Pan Ocean	16/7-4a	Odin Drill	Transworld	21/1-5	Sedneth 701
Phillips	15/27-2	Ocean Rover	Zapex	21/2	Sinbad
Phillips	16/17-2	Western Pacesetter			

Recovery should continue through next 18 months

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RECOVERY in the U.K. economy, which is "now clearly under way," should continue throughout the next 18 months, but unemployment may nonetheless fall only slowly from the peak in early 1977 of about 1.3m. (seasonally adjusted and excluding school-leavers) according to the National Institute of Economic and Social Research.

In its latest quarterly review published this morning, the Institute warns that because of the drop in the exchange rate, inflation on a year earlier seems unlikely to fall below 10 per cent., in spite of the assumption that the wages policy will not be formally broken.

The current account deficit is expected to start falling from early 1977 and this improvement should be sufficient, on the assumption that monetary growth is held down by higher interest rates, to stabilise the exchange rate in the second half of 1977, though at somewhat below the current level.

Little expansion is forecast in public expenditure or private consumption with most of the momentum coming from exports, stockbuilding and, in 1977, private investment. Hence, manufacturing output should expand quite rapidly with other sectors likely to be rather flat.

The Review is more pessimistic about both unemployment and balance of payments prospects over the next 12 months than it was in May and than the Government has been in its most recent public statements.

Its pessimism on these points is shared, for example, by the London Business School in its analysis published last weekend.

On unemployment the Government has said that the total should begin to fall before the end of the year, but the review projects a rise up to the first quarter of next year, and then only a very gradual decline.

This is despite an upgrading of the forecast rise in output since the last review in May. A small rise in personal consumption is now foreseen—about 2 per cent. in the fourth quarter of this year compared with 12 months previously and a 4.8 per cent. rise in real Gross Domestic Product at factor cost over the same period.

The contrast with the more pessimistic unemployment prospect is partly explained by the fact that the recovery in output depends heavily on an increase in exports and on investment in manufacturing industry where the scope for raising productivity is high.

On the balance of payments, the Institute is now forecasting a current account deficit of £1.94bn. for 1976, very similar to the Business School projection, compared with £1.7bn. last year and a most recent official implied forecast of between £1.5bn.-£1.7bn.

But the Institute believes that the current account balance will move back towards zero during next year, though still with an overall deficit of £1.5bn. in 1977.

This would occur at a time when the current balances of other OECD countries are projected to deteriorate, and has a "strong impact" on the expectation that the exchange rate should level off during 1977.

North Sea oil is expected to reduce imports by £846m. this year and by £3.63bn. in 1977.

Inflation is expected to run at about its current rate of 14 per cent. until the middle of 1977 because of exchange rate developments, but after that the deceleration in earnings under the pay policy and a slower fall in the exchange rate should begin to reduce price rises towards 10 per cent. on a year earlier.

Over the second stage of the pay policy earnings are expected to rise by about 9 per cent. in the year to the third quarter of 1977—about four points above the basic increase because of increased overtime and piecework—compared with the 7½ per cent. rise projected in Whitehall on a roughly similar basis.

Consumer prices are expected to rise to about 15 per cent. higher than a year ago at the end of 1976 and about 10½ per cent. higher at the end of next year on the same basis.

"This is rather in excess of the Chancellor's objective, but there appears to be very little that can be done to prevent it, in the absence of even greater intervention in the foreign exchange market."

The Institute has made the working assumption in its forecasts that the growth of M3—the broadly defined money supply—will be kept at or below the 12 per cent. rate recently mentioned by the Chancellor.

Consequently, the review forecasts a rise in interest rates, and increases in short-term rates are broadly expected to parallel forecast rises in U.S. short-term rates.

A Treasury Bill rate of just under 14 per cent. by the end of 1977, compared with fractionally under 11 per cent. at present, and a Consol rate of just under 16 per cent., against 14.1 per cent. now, are suggested tentatively.

The Review also suggests the company sector should continue in financial surplus in spite of large-scale stockbuilding and a recovery in investment because of a "substantial recovery in profits."

National Institute of Economic and Social Research, 2, Dean Trench Street, Smith Square, London, SW1. No. 77. Price £3 for single issue.

The National Institute on the economy

SECTOR BALANCES

	1974	1975	1976	£bn. 1977
Public	−5.4	−8.3	−10.2	−8.0
Non-financial companies	−3.2	−0.4	+ 2.2	+1.7
Financial companies	−0.4	−0.3	− 0.3	−0.3
Personal	+4.8	+6.2	+ 5.2	+3.9
Overseas	+3.7	+1.7	+ 1.9	+1.5
Residual error	+0.5	+1.1	+ 1.2	+1.2

Source: Financial Statistics and NIESR estimates.

The forecast summarised

	Real GDP (per cent change, Year/Year)	Real personal disposable income (per cent change, Year/Year)	Unemployment (a) (fourth quarter, million)	Money supply (M3, per cent change, end-year)	Consumer prices (per cent change, Year/Year	Current account deficit (Year, £bn.)	Effective exchange rate (fourth quarter, Smithsonian =100)	Public sector borrowing requirement (Fiscal Year, £bn.)
1975	−1.6	−0.1	1.1	7.7	22.1	−1.7	70.4	10.5
1976	3.3	−1.1	1.3	10.0	15.9	−1.9	58.5	11.7
1977	3.6	−0.9	1.2	10.9	12.7	−1.5	56.4	9.5

Source: Economic Trends, NIESR estimates.
(a) Great Britain, seasonally adjusted, wholly unemployed, excluding school-leavers and adult students.

Price Code effect in upswing insignificant

By Elinor Goodman, Consumer Affairs Correspondent

THE REVISED Price Code should have an "insignificant" effect on profits as the economic upswing gathers force, the National Institute of Economic and Social Research says in a survey of the workings of the code, commissioned by the Department of Prices.

Based on interviews with over 100 companies, carried out before publication of the recent changes to the code, the institute concludes that because of the recession the code has only had a limited impact on companies' pricing policies and profits.

The recent amendments it estimates, will add around 8 per cent. to theoretical price limits with about 3 per cent. being added to price ceilings by the new relief for stock appreciation and another 1.5 per cent. coming from the abolition of the productivity deductions.

The Price Code, it says, would allow profits to recover normally at least in 1977, even without full take-up of these new allowances.

Serious

But though it finds that market forces, rather than price controls, have been the dominant factor governing prices since the beginning of the recession, it reports widespread concern among both manufacturers and distributors that the continued operation of the unmodified code could lead to serious problems very quickly as the economy revived, particularly in relation to working capital and fixed investment.

The institute found that about two-fifths of the 71 manufacturers interviewed, and more than four-fifths of the distributors, considered that their current prices were about the same as they would have been if the Price Code had not been in existence.

Another two-fifths of manufacturers, and all the other distributors, said that the code had kept their prices down. The remaining one-fifth of manufacturers, however, said that their prices were actually higher than they would have been had the code not existed, partly because they had introduced price increases earlier under its routine than they might otherwise have done.

The institute points out that even with the present framework of price controls, there is considerable scope for raising prices. By weighting the replies of the respondent firms by sales values, it estimates that prices overall could be raised by 2.7 per cent. without infringing price controls if the market permitted.

Turning to profits, the institute says it is clear that market conditions have played a significant part in depressing profits far below the level permitted under the code. A quarter of all the manufacturers interviewed attributed the fall in their profit margins entirely to the recession.

Though the code was not found to have been the major reason for the fall in corporate profitability, the institute found that it had played a rather larger part in investment decisions. Just over two-fifths of the manufacturers interviewed said that the level or character of their capital investment had been significantly affected by the Price Code as distinct from the general economic climate.

U.K. productivity beaten by five EEC rivals

BY REGINALD DALE

A SPECIAL study in the review by Mr. D. T. Jones, of the NIESR, shows that by 1973, the U.K. had the lowest level of productivity among a group of six EEC countries selected for analysis.

The study, starting from 1955, shows a consistent decline in British productivity in nearly every sector compared with the other European countries.

In 1955, with cost post-war reconstruction completed, labour productivity in the U.K. was 15 per cent. higher than in France and Germany and 40 per cent. higher than in Italy. In Belgium and the Netherlands, whose economies suffered less during the war, labour productivity was about 15 per cent. higher than in Britain.

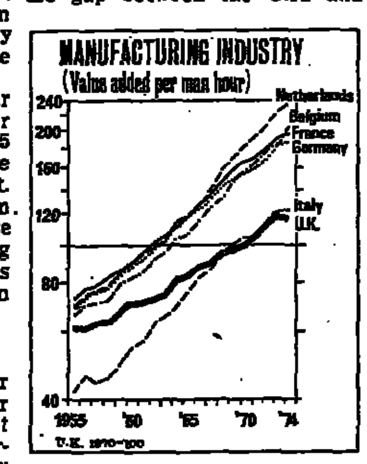
Overtaken

In all these countries labour productivity grew much faster than in the U.K., with the result that France and Germany overtook Britain by 1961 and Italy did so by 1973. After 1973, France and Germany were some 30 per cent. higher than the U.K., Belgium 40 per cent. higher and the Netherlands 54 per cent.

The comparisons are based on purchasing power parity rates of exchange which reflect the relative cost of purchasing an equivalent bundle of goods in each country. If official exchange rates had been used, the gap between the U.K. and the other countries would have appeared somewhat greater.

Taking manufacturing industry separately, the situation was even more unfavourable for Britain. Not only did France and Germany have higher levels of value added per man hour by 1955 but Italy reached the U.K. level in 1968.

In all these countries real value added per man hour in manufacturing grew considerably faster than in the U.K., and the gap between the U.K. and the countries with higher productivity in 1955 grew markedly.



Though value added per man hour in manufacturing in the U.K. has been growing faster in each cycle than in the previous cycle it has not yet closed the gap, despite a slowdown in France, Germany and Italy in the most recent cycle.

Since about 1967 the U.K. has had a similar level of labour productivity to Italy, with the lowest level of value added per man hour in manufacturing in the EEC countries covered.

Where specific sectors are concerned, a striking difference emerges in basic metals, of which the iron-steel industry forms the largest part. In the other countries labour productivity in these metals was twice to 2½ times as great as in Britain in 1970—but the institute stresses that different results could be obtained by other calculating methods.

Only in textiles and "other manufacturing" (bricks, pottery, glass, cement, timber, furniture, paper, printing, publishing, etc.) was the U.K.'s productivity not the lowest of the EEC countries covered.

In all the remaining industries (food, drink, tobacco, chemicals, basic metals and metal products) labour productivity in Italy, the country with the second lowest level after the U.K., was at least 20 per cent. higher.

Encouraging

The only encouraging feature of the statistics was that by 1969-73 British growth rates of labour productivity reached those of other countries under review. It is too early to say whether past trend rates of growth will be repeated in the upswing of the present cycle.

Agriculture was the only sector under review where output grew faster in the U.K. than in the other countries. Output per man in farming grew only 1 per cent. per annum more slowly in the U.K. than in the other countries up to 1969, while in the period up to 1973 the British rate was 1 per cent. faster.

Productivity in gross domestic product as a whole in the U.K. grew at under half the rate of the other countries (2.3 per cent. against 4.9 per cent. a year) during the period covered.

Squeeze likely to provoke unions

BY ANTHONY HARRIS

A SQUEEZE on the economy, leading to lagging output and falling wages, is likely to provoke greater trade union militancy; but growing national income, especially if re-inforced by reductions in the tax burden on wages, could check the rise in wage costs.

These are some of the main conclusions, which challenge accepted thinking, from a statistical study on the causes of inflation published in the new National Institute Review.

The authors, who are economists at London and Southampton, claim that conventional explanations do not stand up to statistical testing.

They say that theories claiming that the demand for labour determines that rate of wage increase and of inflation—so that rising unemployment would check inflation—do not survive testing for any period since the war, while in recent years it actually appears that wage push is stronger when unemployment is higher.

Various modern variants of this "phillips curve" relationship, based on the idea that it is the movement of real wages rather than of money wages which responds to market conditions, are also found wanting, and again suggests that in recent years rising unemployment has been associated with accelerating inflation.

The same result emerges again in a test of a model based on the idea that growing trade union power, measured by the increase in membership, is responsible.

The authors found themselves unable to test the monetarist hypothesis that inflation is caused by excessive growth of the money supply, observing:

"Although this school of thought has had considerable influence, there is no empirical model of inflation which is essentially 'monetarist' in nature and which has been fitted to the (data for) the U.K."

They test a model derived by Professor D. W. Laidler, a leading English monetarist, from U.S. statistics, but find that it does not help to explain U.K. inflation — possibly because it is ill-adapted to explain events in an open economy, where import prices are important.

The authors claim "impressive" results, however, from a little-discussed model first put forward 12 years ago by J. D. Sargan. This gives central importance to wages, but not to the level of unemployment.

The authors say that tests confirm that the movement of real take-home pay, after tax and other deductions, and measured against the retail price index, appears to be a major factor in explaining both wage claims and consequent rate of inflation.

More optimism as total industrial production forecast to rise by 4.7%

BY OUR ECONOMICS STAFF

TOTAL industrial production is forecast to rise by 4.7 per cent. this year and by 6.5 per cent. in 1977—a more optimistic assessment than in previous reviews. Since there is a lot of surplus capacity at present, the institute believes there is little likelihood of bottlenecks constraining recovery during the forecast period up to the end of 1977.

Engineering and allied industries: The fall in output probably has come to an end but seasonally adjusted order statistics do not suggest an upswing despite a recent slight improvement in output. Engineering's main hopes rest with the world market which is forecast to recover strongly this year. For the sector as a whole, the institute's forecasts indicate rises of 2.5 per cent. in 1976 and 7.7 per cent. next year. In mechanical engineering, rises of 3 and 9 per cent. respectively are forecast. In instrument engineering, domestic orders are rising slowly but those for export still are falling so only a slow rise in output—2 per cent.—is projected this year, with a 9 per cent. rise in 1977.

Net new orders have started to rise in electrical engineering with rises of 2 and 4.5 per cent. in output this year and in 1977 projected. The position is much gloomier in shipbuilding where declines of 6 and 3 per cent. are forecast in view of worldwide overcapacity.

The institute is taking a more optimistic view of motor industry prospects than earlier in the year with the recovery in demand for cars reflected in 7 and 10 per cent. rises, forecast for 1976 and 1977.

Activity in the aerospace sector appears to have continued at or slightly below 1975 levels so far this year. The build-up of production of a number of new military aircraft has not yet offset the rundown of civil aircraft programmes.

Metals: An overall rise of 15 per cent. this year and 13 per cent. next, with increases of 17 and 14 per cent. on the ferrous side, were output has turned up more sharply than anticipated. Over the next 18 months the main constraint may come from capacity bottlenecks. Output of non-ferrous metals is expected to expand at rates of 9 and 10 per cent.

Chemicals: A strong growth in production is forecast to the end of 1977 with 8.5 per cent. in each of the two years covered.

Paper, printing and publishing: Output has levelled out and there is no doubt that underlying demand is picking up with wrapping and packaging leading the recovery. Overall rises of 2 and 8 per cent. are forecast.

Construction and allied industries: Recoveries in private house-building and industrial investment are expected to be offset by a further fall in the private commercial sector with overall increases of only 0.5 and 1 per cent. projected. Bricks and cement production are forecast to rise by 1.5 and 2 per cent.

Consumer industries: Food production is expected to grow quite slowly after the partial recovery so far this year and there seems little prospect of sustained revival in demand for drink and tobacco, with overall rises of 3 and 3.5 per cent. projected for 1976 and 1977

In the textile industry, it appears that the trough has been reached with a slow recovery, at first mainly resulting from increased export demand, and increases of 1.5 and 7 per cent. are forecast. In the clothing and footwear sector, spending is expected to be lower next year than in 1976 with any recovery dependent on increased exports.

Fast rise in OECD output

BY REGINALD DALE

OUTPUT in the OECD countries rose even faster in the early stages of the recovery than previously supposed. Between the third quarter of 1975 and the first quarter of 1976 their aggregate GDP appears to have increased at an annual rate of 7 per cent. and industrial production at 12 per cent.

The rate of growth of industrial production has slowed considerably since the spring and the same is probably true of GDP, particularly in view of the effects of the drought on European agriculture. By the second half of the year, the Institute expects the deceleration to become more pronounced in the major countries, particularly the U.S.

The smaller countries, however, have been lagging behind their bigger trading partners in the recent cycle and their phase of rapid recovery is probably yet to come. In all, the Institute expects OECD countries' aggregate GDP to increase in volume by 5.5 per cent. this year and 5 per cent. in 1977.

Price inflation, which had slowed considerably during the winter, has subsequently accelerated once more.

In the early stages of the recovery, wage settlements in the biggest countries remained fairly moderate by the standards of recent years, and in relation to the rise in prices. The rate of increase in unit labour costs in manufacturing thus slowed considerably as productivity improved.

But strengthened demand for raw materials, both for consumption and for stocks, combined more recently with the effects of drought in Western Europe on food supplies, has produced a rapid increase in commodity prices which is likely to continue well into next year, though at a slower rate.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Mixed trend on small profit-taking

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Sept. 2.

A MIXED trend prevailed on Wall Street to-day, following small profit-taking after further early gains.

The Dow Jones Industrial Average finished 1.16 off at 984.79, after opening another 3.49 up at 989.44, while the NYSE All Common Index shed 5 cents to $55.45 although gains led losses by 750 to 661. Trading volume further expanded 280,000 shares to 18.92m.

Analysts attributed the early gain to the U.S. Labor Department report of a 0.1 per cent. decline in August Wholesale Prices Index from July.

However, there was some worry about the 0.7 per cent. *rise in the Industrial Component* of the Wholesale Price Index. President Ford expressed "some concern" over the Industrial Component figure.

There was also apprehension that the Federal Reserve money supply figures after the SE close would show another gain, possibly forcing the Fed to tighten monetary policy.

After the close, however, the Fed reported an $800m. decline in the basic money supply.

McConell Douglas were active and up $½ to $24¼ — it expects the first half year's "favourable earnings trend to continue in the second half."

Huyck fell $¾ to $13 on some recent market softness which "may keep earnings from approaching the record."

Servomation moved ahead $⅞ to $14¼ following higher fourth *quarter net earnings.*

A. J. Industries gained $⅞ to $3⅞ — its Board was considering a preliminary acquisition proposal worth about $5 a share.

Sears Roebuck were down $⅞ to $68 and May Department Stores were off $¾ to $32¼ — each reported higher August sales, but analysts said the figures were disappointing.

Sea Containers declined $⅞ to $36—it ended a planned joint venture with Maritime Fruit Carriers.

Norfolk and Western fell $2 to $87½—third quarter earnings will be "reduced about 27 cents per *share as a result of a suit settlement* with the trustees of Erie Lackawanna Railway."

Pitney-Bowes picked up $⅞ to $14¼—a New York Federal Court approved a suit settlement under which the company will pay Alpex Corp. $11m.

THE AMERICAN SE Index tacked on 0.07 to 102.48 and advances edged declines by 290 to 273.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Inter. Tel. and Tel.	203,500	31½	−⅛
Kresge S.S.	196,300	39⅛	−½
Texaco	193,500	27	—
Exxon	192,700	53	+⅛
NCR	160,700	34⅞	+⅞
Avon Products	117,700	49⅛	−⅛
Gulf Oil	169,600	27½	+⅛
Fed. Nat. Mort.	154,300	16⅛	−⅛
General Motors	153,200	68⅞	−⅛
Amer. Tel. and Tel.	153,000	59⅛	—

OTHER MARKETS

Canada firm

Canadian Stock Markets generally held firm in moderate trading yesterday.

The Industrial Share Index put on 0.67 to 187.96, Base Metals 0.18 to 90.56, Utilities 0.82 to 147.88, Banks 3.30 to 233.51 and Papers 1.33 to 125.42. But Golds lost 1.43 to 225.32 and Western Oils shed 0.53 to 226.28.

PARIS—French shares fell in fairly active trading, while awaiting expected measures to be taken by the new Government later this month to combat inflation.

Pernod gave way Frs.9.80 to 411, Hutchinson Frs.5 at 130, Thomson-Brandt Frs.7.7 to 182.8 and UTA Frs.3 to 64.

Foreign sector was firm, although German issues were narrowly mixed. Americans and Gold Mines showed the biggest advances. International Oils moved ahead slightly and Coppers were better.

AMSTERDAM—Prices rose over a broad front in active trading.

Among Internationals, Akzo were down Fls.0.6 but Philips were up Fls.0.20, Royal Dutch rose Fls.0.80 and Unilever put on Fls.0.70.

Among Banks, Algemene Bank Nederland advanced Fls.4.50.

Insurances rose slightly, but a weak trend developed in Transportations and most Shippings declined fractionally.

GERMANY—Broadly higher in active trading.

Siemens jumped DM4.5 to 275 and Mannesmann moved up DM4.50 to 342.

Other active issues were Thyssen, up DM3.10 to 121.70, *RWE, up DM4.30 to 153.50 and* Veba, up DM1.90 to 122.20.

Bayer rose DM2 to 130.5 on its sharply increased first half year earnings. Other Chemicals also were firm. AEG were up DM1.8 to 88.0, reflecting improved but still profitless results for the first half year.

Machine Makers showed gains averaging DM2. Manufacturing order figures released by the Economics Ministry indicated that Machine Makers benefited from an order boost in July.

Domestic Public Bonds continued in demand and prices improved 0.40 per cent. on average. *The Bundesbank sold DM60m.* worth of Bonds.

COPENHAGEN—Sharply lower in very active dealings.

OSLO—Bankings were steady, Insurances and Shippings quiet, while Industrials were easier.

SWITZERLAND—Prices showed a downturn following pessimistic forecasts about orders situation in the Swiss Machinery Industry.

Banks were narrowly mixed, Insurances generally steady, most Chemicals declined, while losses edged gains among Industrials.

Dollar stocks were actively firmer, Dutch Internationals posted generally small gains and South African Mining Financials rose.

VIENNA — Narrowly mixed in rather quiet dealings. Industrial leaders were little changed.

MILAN—Mixed in slow trading.

Insurances and Industrials were lower, but Banks *gained fair* interest.

TOKYO—Mixed trend in a volume of 320m. (400m.) shares.

Kubota held unchanged at Y337—it will apply for listing on the New York SE.

Machineries were lower, despite a gain in July orders and plant exports.

Some Light Electricals rose.

Motors were lower on a rumour that the U.S. will impose retaliatory imports restraints if the Japanese Government doesn't agree to Washington's recent request for speedier Japanese car import procedures.

Ajinomoto put on Y10 to 385 and Snow Brand Y9 to 252.

Hong Kong Bank were down 10 cents to $HK19.10. Hong Kong Land 15 cents to 6.85, Hutchison 7½ cents to 3.275, Wheelock "A" 5 cents to 2.35, Jardine 50 cents to 19.90, Swire Pacific "A" 10 cents to 10.00, Hong Kong Electric 10 cents to 4.525, Hong Kong And Kowloon Wharf 20 cents to 16.90 and Hong Kong Dock 20 cents to 10.10.

JOHANNESBURG—Gold shares were higher, while a shortage of stock restricted trade.

Mining Financials also showed some gains.

Messina were up 5 cents at R345 and South Africa Manganese rose 20 cents to R890.

Industrials drifted slightly in the afternoon but most stocks held firm.

AUSTRALIA—Generally firm in dull trading. There was renewed interest in Energy stocks. Utah rose 10 cents to $A4.60, AAR 4 cents to $A1.12, Thiess 2 cents to $A2.60 and Woodside-Burmah 4 cents to $A1.14.

BHP rose 12 cents to $A8.98 and ANZ 8 cents to $A3.84.

Philip Morris, however, fell 10 cents to $A8.90.

Among the Mines, Queensland Mines shed 3 cents to $A2.85 and Bougainville Copper eased 2 cents to $A1.45.

Woolworths picked up 4 cents to $A1.39 and Lend Lease 3 cents to $A3.03.

Banks were firm. ANZ advanced 9 cents to $A3.84.

Indices

NEW YORK —DOW JONES

	Sept. 2	Sept. 1	Aug. 31	Aug. 30	Aug. 27	Aug. 26	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	984.79	985.95	973.74	968.92	965.95	960.44	1011.21 (12/7)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home B'nds*	88.59	88.54	88.54	88.54	88.52	88.56	88.59 (2/9)	85.68 (15/7)	—	—
Transport	219.91	220.40	218.04	216.73	216.08	214.73	231.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	93.59	93.43	92.95	92.41	92.22	92.54	93.64 (2/9)	84.8 (26/5)	163.32 (20/4/65)	10.58 (28/4/42)
Trading vol. 000's	18,920	18,640	15,460	11,140	12,120	15,270	—	—	—	

* Basis of index changed from July 1.

Ind. div. yield %	Aug. 27	Aug. 20	Aug. 13	Year ago (approx.)
	3.97	3.91	3.83	4.56

STANDARDS AND POORS

	Sept. 2	Sept. 1	Aug. 31	Aug. 30	Aug. 27	Aug. 26	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	116.35	116.50	115.18	114.26	113.58	113.56	119.02 (14/7)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	105.92	104.06	102.91	102.07	101.48	101.32	105.95 (14/7)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Sept. 1	Aug. 25	Aug. 18	Year ago (approx.)
Ind. div. yield %	3.49	3.56	3.47	4.01
Ind. P/E Ratio	11.80	12.51	12.83	10.37
Long Govt. Bond yield	5.29	5.32	5.34	5.63

N.Y. S.E. ALL COMMON

Sept. 2	Sept. 1	Aug. 31	Aug. 30	1976 High	1976 Low
55.45	55.50	54.92	54.61	56.54 (12/7/76)	57.08 (2/1/75)

Rises and Falls	Sept. 2
Issues Traded—1883	Up—750
Down—661	Same—472
New Highs 67	New Lows 11

MONTREAL	Sept. 2	Sept. 1	Aug. 31	Aug. 30	1976 High	1976 Low
Industrial	190.44	189.91	190.08	190.58	207.55 (19/5)	176.62 (2/1)
Combined	188.92	188.05	188.60	188.18	199.78 (20/6)	175.87 (2/1)
TORONTO Industrial	187.96	187.27	187.10	186.64	197.43 (20/2)	175.01 (2/1)
JOHANNESBURG Gold	131.6	124.5	120.3	118.4	229.7 (12/5)	115.5 (25/8)
Industrials	181.2	180.7	178.5	177.1	215.0 (21/5)	177.1 (30/8)

	Sept. 2	Pre-vious	1976 High	1976 Low
Australia (a)	502.66	502.37	522.63 (19/8)	445.32 (5/1)
Belgium (b)	96.48	96.20	113.18 (6/2)	95.43 (30/8)
Denmark (d)	108.74	112.34	117.70 (19/8)	100.20 (10/3)
France (e)	60.8	61.7	74.3 (3/5)	60.8 (2/9)
Germany (f)	740.7	735.1	821.7 (17/5)	727.6 (9/8)
Holland (g)	87.5	86.3	105.3 (6/2)	84.3 (27/8)
Hongkong (h)	412.36	417.24	465.55 (17/5)	364.65 (2/1)
Italy (k)	81.70	82.17	91.57 (25/2)	72.30 (4/5)
Japan‡ (m)	358.96	359.61	359.61 (1/9)	326.28 (5/1)
Singapore (n)	266.66	261.76	268.16 (3/2)	236.35 (2/1)
Spain (p)	80.06	81.20	100.79 (7/5)	80.06 (2/9)
Sweden (q)	437.72	434.03	476.96 (10/6)	395.56 (19/1)
Switz'rl'd (r)	275.3	277.8	298.6 (12/5)	276.8 (4/6)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64 (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport (c) Closed.

Pound steady

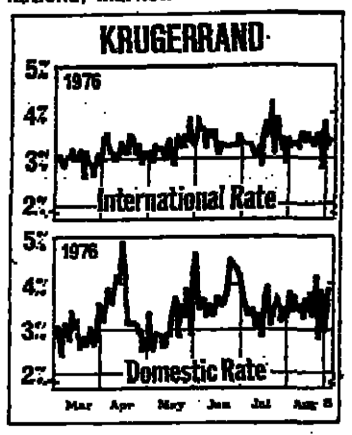
Sterling showed little change in the foreign exchange market yesterday afternoon after publication of the U.K. official reserve figures for August. *A fall in the* reserves during the month was largely expected following Bank of England support for the pound, but news that the authorities had not drawn on the $5.3bn. standby credit facility for the second month running may have helped sentiment.

Earlier in the day sterling touched $1.7720-1.7730 in terms of the dollar after opening at $1.7735-1.7745. Natural demand during the afternoon pushed the rate up to a best level of $1.7740-1.7750, and the pound closed at $1.7735-1.7745, a fall of 10 points on the day.

Sterling's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, was unchanged at 39.6 per cent., after standing at 39.6 per cent. at noon and 39.7 per cent. in early dealings.

There was no sign of any pressure on the pound and in the generally quiet conditions prevailing in the market other currencies also remained steady. The dollar was slightly firmer against other major currencies, helped by news that U.S. wholesale prices *fell by 0.1 per cent. in August.* The dollar's trade-weighted average depreciation since the Washington Agreement, narrowed to 2.50 per cent. from 2.54 per cent.

Gold closed slightly firmer on the day, gaining $½ to $105¾-106¼, after rising to $107.35 at the morning fixing. Sellers may have been attracted into the market by the early rise, while the previous day's rumour that the International Monetary Fund may cancel its September gold *auction had been generally* rejected. The krugerrand's premium over its gold content widened to 3.89 per cent. from 2.96 per cent. for domestic delivery, and to 3.41 per cent. from 3.19 per cent. in the international market.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Sept. 2	Sept. 1
Sterling	0.649208	0.648454
U.S. dollar	1.15124	1.15120
Belgian franc	44.7026	44.6320
Deutschemark	2.90481	2.90448
French franc	5.67561	5.66362
Italian lira	968.250	967.900
Japanese yen	332.363	332.697
Dutch guilder	3.03294	3.03341
Swedish krone	5.06338	5.06263
Swiss franc	2.84863	2.84807

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Sept. 2	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfu't	—	2.52-62½	51.10-25	6.490-505	4.462-467	95.55-70	101.92-07
N. York	39.64-68	—	20.28-29	2.574-576	1.7736-7745	37.94-98	40.14-17
Paris	195.245-645	4.925-935	—	12.695-720	8.736-765	186.96-38	195.97-52
Brussels	15.37-41	38.80-85	7.86-89	—	68.79-94	14.71-75	15.87-72
London	4.47-42½	1.7735-45	8.73½-74½	68.60-90	—	4.67½-68½	4.39½-40½
Am'rd'm	104.41-46	2.6332-57	35.465-505	6.785-790	4.6735-75	—	106.475-525
Zurich	98.20-29	2.4772-82	50.25-56	6.462-37½	4.390-400	93.86-95.94	—

U.S. $ in Montreal. U.S. $=97.90-92 Canadian cents. Canadian $ in New York. C $=102.11-15 U.S. cents. U.S. $ in Milan 841.00-50. Sterling in Milan 1491.10-92.25.

EURO-CURRENCY INTEREST RATES*

Sept. 2 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
†Short term	10¾-11	5-5¼	6½-9½	20-25	4⅛-4⅜	¾-1
7 days notice	12½-12⅞	5⅛-5⅜	8¾-9¾	20-25	4⅛-4⅜	¾-1
Month	13⅝-13⅞	5¼-5½	8½-8⅞	18¾-19¾	4⅛-4⅜	1⅛-1¼
Three months	13½-14⅛	5½-5¾	9⅛-9⅝	14¼-15¼	4⅜-4⅝	1¼-1⅜
Six months	14¼-14¾	6-6¼	9¼-9⅝	11-12	4¼-4½	2⅛-2¼
One year	14½-14¾	6½-6¾	9⅝-10	9¼-10¼	5⅛-5⅝	2⅛-2½

Euro-French deposit rates: two-day 9½-9¾ per cent.: seven-day 9½-9¾ per cent.: one-month 10½-10¾ per cent.: three-month 10¾-11¼ per cent.: six-month 10¾-11¼ per cent.: one year 10¾-11¼ per cent.

Longer-term Eurodollar deposits: two years 7½-7¾ per cent.: three years 7¾-8¼ per cent.: four years 8¼-8½ per cent.: five years 8¼-8½ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one-month 5¼-5⅜ per cent.: three-month 5 7/16-5 9/16 per cent.: six-month 5 13/16-5 15/16 per cent.: one year 6 5/16-6 7/16 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

GOLD MARKET

	Sept. 2	Sept. 1
Gold Bullion (a fine ounce)		
Close	$105¾-106¼	$105¼-106
Opening	$105¾-106¼	$103½-104½
Morning fix'g	$107.35 (£60.533)	$104.00 (£58.598)
Afterno'n fix'g	$106.10 (£59.808)	$105.70 (£59.556)
Gold Coins domestically		
Krugerrand	$109¼-111¼ (£61¾-62¾)	$107¾-109½ (£60¾-61¾)
New Sov'r'gns	$38½-40½ (£21¾-22¾)	$38-40 (£21½-22½)
Old Sov'r'gns	$36½-38½ (£20½-21½)	$36¼-38¼ (£20½-21½)
Gold Coins (intern'nally)		
Krugerrand	$108¾-110¾ (£61½-62½)	$108-110 (£61-62)
New Sov'r'gns	$38¼-40¼ (£21¾-22¾)	$38-40 (£21½-22½)
Old Sov'r'gns	$34¼-36¼ (£19½-20½)	$34½-36½ (£19½-20½)
$20 Eagles	$180½-183½	$181-184
$10 Eagles	$94-97	$93½-96½
$5 Eagles	$63½-66½	$63-66

FOREIGN EXCHANGES

Sept. 2 1976	Bank Rates %	Day's Spread	Close
New York	6½	1.7720-1.7750	1.7735-1.774[illegible]
Montreal	6½	1.7350-1.7400	1.7370-1.73[illegible]
Amsterdam	7	4.66¾-4.69½	4.67½-4.68½
‡Brussels	9	68.60-69.00	68.80-68.[illegible]
Copenhgen.	8½	10.72-10.75	10.73-10.74
Frankfurt	3½	4.46-4.49	4.47½-4.48½
Lisbon	6½	55.05-55.45	55.20-55.4[illegible]
Madrid	7	120.45-120.75	120.50-120.[illegible]
Milan	12	1,490-1,496	1,491½-1,49[illegible]
Oslo	6	9.74½-9.77½	9.76-9.77
Paris	9½	8.73-8.75½	8.73½-8.74½
Stockholm	6	7.78½-7.81½	7.80-7.81
Tokyo	6½	508-518	512-514
Vienna	4	31.45-31.80	31.50-31.7[illegible]
Zurich	2	4.37½-4.40½	4.39½-4.40½

* Basic discount. ‡ Rates given are for convertible franc; financial franc 70.70-70.90.

OTHER MARKETS

		¶ Notes Rates	
◆Argen'na	248.25-248.45	Argentina	450-550
Australia	1.4137-1.4299	Austria	31-32
Brazil	19.65-19.85	Belgium	70-72
Finland	6.90-6.91	Brazil	24-28
Greece	64.424-65.055	Canada	1.75½-1.7[illegible]
Hng Kong	8.670-8.685	Denmark	10.65-1[illegible]
Iran	123-126	France	8.65-8.[illegible]
Kuwait	0.514-0.524	Germany	4.40-4.[illegible]
Luxembg	68.80-68.90	Greece	63-66
Malaysia	4.4450-4.4570	Italy	1480-15[illegible]
N. Zealand	1.7659-1.7807	Japan	505-525
Saudi Arab.	6.22-6.32	Netherl'ds	4.58-4.7[illegible]
Singapore	4.5545-4.5685	Norway	9.70-9.9[illegible]
S. Africa	1.5551-1.5495	Portugal	54-58
U.S.— Canada		Spain	118-122
C$1—		Switz'land	4.30-4.4[illegible]
U.S. cents	102.09-102.09	U.S.	1.77-78
		Yugosl'a	33½-3[illegible]

* Basic discount. ¶ Given rates are for dealers. ◆ Rate given is Official Rate. BCRA rate 428.54-429.04.

FORWARD RATES

—	One month	Three months
New York	1.27-1.17 c.pm	3.60-6.60 c. pm
Montreal	0.65-0.55 c.pm	1.90-1.80 c. pm
Amst'dam	2¼-3¼ c. dis	1½-2½ c. dis
Brussels	30-50 c. dis	50-70 c. dis.
Cop'nhg'n	3¾-5¾ ore dis	6½-8½ ore dis
Frankfurt	3¾-2¾ pf. pm	10½-9½ pf pm
Lisbon	20-70 c. dis	75-125 c. dis
Madrid	425-525 c. dis	720-820 c. dis
Milan	18-23 lire dis	58-68 lire dis
Oslo	½ore pm-½ ore dis	7¾-5¾ ore pm
Paris	2¾-1¾ c.pm	7-6 c. pm
Stockh'lm	½ ore pm-½ ore dis	5¾-3¾ ore pm
Vienna	25-15 gro pm	65-55 gro pm
Zurich	4⅝-3¾ c. pm	13½-12½ c. pm

Six-month forward U.S. dollar 6.83-6.73c pm and 12-month 12.35-12.25c pm.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—108½% (108%)

NEW YORK

Stock	Sept. 2	Sept. 1
[illegible]		

CANADA

Stock	Sept. 2	Sept. 1
[illegible]		

GERMANY ◆

Sept. 2	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	88	+1.8	—	—
Allianz Versich.	425	+6	18	2.1
B.M.W.	221.5	−1.5	18	4.1
B.A.S.F.	159	+1.9	14	4.4
Bayer	130.5	+2	17	6.1
Bayer Hypo.	278	....	20	3.6
Bayer Vereinsbk.	294	+5	20	2.9
Commerzbank	188.5	+1	18	4.8
Cont'l. Gummi	95.5	+3.5	—	—
Daimler	345	+3.5	17	2.5
Degussa	233.5	+1.5	15	3.9
Demag	157	....	16	5.1
Deutsche Bank	294.5	+2.5	20	3.4
Dresdner Bank	221.5	+2.5	20	4.5
Dyckerhof Zem't.	153	+5	6	2.0
Gutehoffnung	186	+2	14	3.7
Hapag Lloyd	107	−2	12	5.6
Harpener (Dm100)	150	+1	9	6.0
Hoechst	140.5	+1.5	14	5.0
Hoesch	56	+0.2	—	
Kali Salz (Dm50)	100	+0.4	7	3.5
Karstadt	387	+3	y20	2.6
Kaufhof	247	+6	20	4.1
Klockner (Dm100)	118	+2.5	—	—
Klock Humbolt	147.5	+2.5	10	3.4
Krupp Pri Dm110	115	+1	—	—
Kundencredit Bk.	269	....	20	3.7
Linde	206	−1.5	16	3.8
Lowenbrau DM100	1,810	....	20	1.1
Lufthansa	98	+2.2	4	2.0
M.A.N.	168	−0.7	12	3.5
M'esmann Dm 100	342	+4.5	s14	4.1
Metalge'llschaft	237	+2	10	—
Munch. Ruckvers	425	....	18	2.1
Neckermann	86.5	+1	y—	
Preussag Dm. 100	140.5	−0.5	7	5.0
Rhein West Elect.	153.5	+4.3	17	5.2
Schering	340	+4	20	2.9
Siemens	275	+4.5	16	2.5
Sudzucker	258	−2	19	3.7
Thyssen	121.7	+3.1	14	5.7
Verein & West Bk	312	....	20	2.9

MILAN

Sept. 2	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv.	650	−10	—	—
ANIC	543	−14	—	—
Ausonia Fin	3,499	−1	120	3.7
Bastogi	1,055	−15	—	—
Breda	2,416	−54	165	6.2
Burgo	9,190	....	—	—
Cantoni	6,630	−70	—	—
CIGA	2,005	−16	—	—
Cucirini	4,100	....	225	5.6
Dalmine	801	+25	75	0.9
Erba	8,190	−10	—	
Fiat	1,601	−29	100	6.2
Do. Priv.	1,000	−24	100	1.0
Finsider	273.25	+3.25	40	14.8
Generali	42,760	610	400	11.6
Invest B	2,280	−30	80	3.5
Italcementi	20,280	+60	300	1.6
Italgas	758	−16	—	
Italsider	422.75	−0.25	60	1.4
La Centrale	8,950	−160	400	4.4
Marelli Ercole	445	......	—	
Mediobanca	69,900	+410	1,200	1.6
Mondadori Priv.	979	+5	120	—
Montedison	425	−8	—	—
Motta	880	−10	—	—
Olivetti Priv.	1,005	−20	70	7.0
Pirelli & C.	1,551	−16	110	7.1
Pirelli Spa	1,185	−24	—	—
RAS	71,950	−50	600	0.8
Rinascenti	62.25	−0.25	—	—
Rumianca	1,883	+3	—	—
S.A.F.F.A.	6,410	−90	200	3.2
S.T.E.T.	1,686	−33	180	0.9
Snia Viscosa	1,360	−10	—	—
Soc. Gen. Immob.	146	−6.5	—	—

AUSTRALIA

Sept. 2	Aust. $	+ or —
Acrow Australia	†0.65	......
Adelaide Brighton Cent 50c	†1.25	−0.05
Allied Mntg-Trdg. Indus. $1	‡1.70	−1.05
Ampol Exploration	†1.10	+0.02
Ampol Petroleum	†0.68	−0.02
Assoc. Minerals	†3.25	......
Assoc. Pulp Paper $1	†0.98	+0.01
Aust. Con. Industries	†1.75	......
Aust. Foundation Invest.	†0.95	+1.05
A.N.I.	†1.18	+0.03
Aust. Oil & Gas	†0.15	......
Blue Metal Ind.	†0.97	......
Bougainville Copper	†1.45	−0.02
Broken Hill Proprietary	†8.98	+0.12
BH. South	†2.13	+0.03
Carlton United Brewery	†2.07	+0.01
G. J. Coles	†1.55	+0.01
CSR (1)	†5.04	+0.02
Cons. Goldfields Aust.	†2.90	−0.05
Container ($1)	†1.38	......
Conzinc Riotinto	†3.02	+0.02
Costain Australia (25c)	‡2.05	......
Dunlop Rubber ($1)	†1.16	+0.01
ESCOR	†0.74	−0.01
Elder Smith ($1)	†2.15	......
E.Z. Industries	†3.90	......
F. & I. (25c)	†0.86	−0.01
Gen. Property Trust	†1.26	+0.01
Hamersley	†2.45	−0.02
Hooker	†1.08	......
I.C.I. Australia	†1.75	+0.05
I.A.C. Holdings	†1.0	−0.01
Inter-Copper	‡0.30	......
Jennings Industries	†1.55	......
Jones (David)	†1.21	+0.02
Metals Exploration	†0.60	......
MIM Holdings	†2.56	−0.02
Myer Emporium	†2.57	......
News	†2.20	......
Nicholas International	†0.66	−1.03
North Broken Hill	†2.14	+0.06
Oakbridge	‡1.10	......
Oil Search	‡0.12	......
Pioneer Concrete	†1.22	+0.02
Reckitt & Colman	‡3.80	......
H. C. Sleigh	†0.65	−0.01
Southland Mining	†0.43	......
Stocks & Holdings	‡4.0	......
Tooth ($1)	†1.88	−0.02
Waltons	‡1.09	−0.01
Western Mining (50 cents)	†1.67	+0.07
Woolworths	†1.39	+0.04

JOHANNESBURG

MINES

Sept. 2	Rand	+ or —
Anglo American Corpn.	3.85	+0.1[illegible]
East Driefontein	8.90	+0.3[illegible]
Elsburg	1.10	
Harmony	3.90	+0.2[illegible]
Kinross	2.93	+0.1[illegible]
Kloof	5.60	+0.3[illegible]
Potgietersrust Platinum	2.05	−0.0[illegible]
St. Helena	14.35	+1.0[illegible]
Southvaal	4.55	+0.1[illegible]
Gold Fields SA	14.00	+0.5[illegible]
Union Corporation	3.55	+0.3[illegible]
[illegible]		

PARIS

Sept. 2	Price Frs.	+ or —	Div. Frs.	Yld. %
Afrique Occid't'le	389	+3	19.8	5.1
Air Liquide	344.8	−1.7	16.5	4.8
Aquitaine	308	−6.5	22.5	7.3
Beghin	78.2	−0.8	—	—
B.S.N. Gervais	629	−2	37.8	6.0
Carrefour	1,429	+19	57	4.0
Chargeurs Reunis	180.5	−2.9	16.5	9.0
Citroen	50.1	−0.9	—	
[illegible]				

BRUSSELS/LUXEMBOURG

Sept. 2	Price Frs.	+ or —	Div. Frs. Net	Yld. %
Arbed	3,820	+5	150	3.9
BBL Bq Brx Lamb	1,665	−15	40	2.4
Bekaert "B"	2,015	+15	105	5.1
CBL (CteBrLamb)	1,820	−5	110	6.0
C.B.R. Cement	1,555	......	75	9.6
Cockerill	764	+2	—	
E.B.E.S.	2,015	−10	161	8.0
Electrobel	5,980	+20	430	6.7
Fabrique Nat	1,930	−10	—	
G.B. Inno-Bm.	1,660	......	70	4.2
Glace St. Roch.	3,780	−70	50	1.3
Hoboken	3,600	−50	110	2.8
Intercom	1,575	+5	129	8.2
Kredietbank	6,000	......	245	4.1
La Royale Belge	4,570	+50	265	5.8
Pan-Holding	2,970	−20	52.1	2.8
[illegible]				

TOKYO¶

Sept. 2	*Prices Yen	+ or —	Div. %	Yld. %
[illegible]				

SWITZERLAND*

Sept. 2	Price Fr.	+ or —	Div. %	Yld. %
[illegible]				

AMSTERDAM

Sept. 2	Price Fls.	+ or —	Div. %	Yld. %
[illegible]				

STOCKHOLM

Sept. 2	Price Kronor	+ or —	Div. Kr.	Yld. %
[illegible]				

COPENHAGEN

Sept. 2	Price Kroner	+ or —	Div. %	Yld. %
[illegible]				

OSLO

Sept. 2	Price Kroner	+ or —	Div. %	Yld. %
[illegible]				

VIENNA

Sept. 2	Price %	+ or —	Div. %	Yld. %
[illegible]				

SPAIN ♥

September 2	Per cent.
[illegible]	

FARMING AND RAW MATERIALS

Upsurge in U.S. grain markets

By Our Commodities Staff

REPORTS OF cold, dry weather in the U.S. mid-West affecting prospects for the forthcoming maize and soyabean crops, and rumours that the Soviet Union was seeking to buy more U.S. grains, lifted prices sharply in early trading on the Chicago Board of Trade yesterday.

Soyabean futures quickly moved the permissible limit up of 20 cents a bushel. Buying demand was *intensified* by a report that Brazil had sold out of soyabeans for export, and rumours that the Soviet Union was interested in soyabean meal and oil purchases.

Maize and wheat prices also rose on forecasts of a likely fall in the maize crop this year. Mr. Richard Bell, assistant U.S. Agriculture Secretary, confirmed that the next USDA official maize crop forecast, due on September 10, will show another reduction on the last estimate of 6,186m. bushels based on August 1 conditions.

Although the next USDA estimate of the Soviet grain crop, due on September 9, is expected to show an increase from the August 11 forecast of 195m. tonnes, it is thought Eastern European countries will need to make extra purchases from the Western world because of poor harvests.

The USDA has lowered its estimate of total East European grain output by 5m. tonnes to 85m. tonnes since its last forecast in August because of drought conditions.

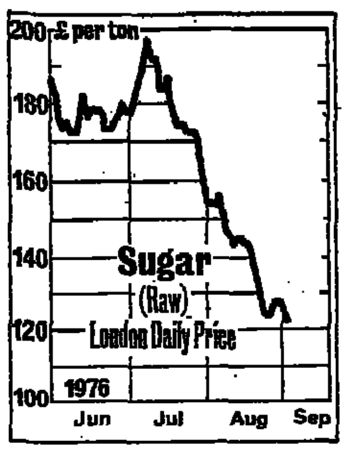
London sugar slides to 32-month low

BY PETER BULLEN

SUGAR PRICES dropped sharply in London yesterday as forecasts of a substantial surplus of supplies this season hit an already depressed market.

Following the drop of almost £6 a ton on future prices on Wednesday, the London daily price for raw sugar was fixed £5 lower yesterday morning at £122 a ton—the lowest LDP since the end of 1973.

On the London terminal market trading opened to many stop-loss sales following the tone set in New York overnight. Values continued to fall during the day and at the close the December position was only just off the low for the day at £138.375 a ton—a fall of £9.8 on balance.



One of the major factors affecting market sentiment was the *forecast* by London *sugar* merchants, E. D. and F. Man, that the new 1976/77 sugar year which began on Wednesday would see a substantial surplus.

"*The extent of that surplus* is still hard to tell, particularly because of difficulties in determining the true condition of the European beet crop," they said.

"But a surplus in the range of 3m. to 5m. tons is almost certain, and combined with an increased carryover stock from 75/76, sugar will be more freely available than in any of the last six years. This situation has already been realised by the market and prices have been under pressure."

They estimated world cane output will rise from 49.8m. tonnes to 54.4m. and beet from 32.4 to 33.2m. (including 9.5m. from the EEC, compared with *10.1m. tonnes last year) to give* a total for world sugar output of 87.6m. tonnes. Last year's total was put at 82.3m. tonnes.

Continued rain in parts of England and other European countries that have been hit by the drought also contributed to the "bearish" sentiments of sugar markets yesterday although the rains are not expected to bring any radical improvement to the beet crop prospects.

The *third beet test results* issued by the French Sugar Beet Planters' Association did show an improvement in average root weight from 311 grammes two weeks ago to 360, but this was down on the 426 grammes registered a year ago. Sugar content was up from 17.5 to 18 per cent., however, and well above last year's 14.08 per cent.

Reuter reported from Paris that an Association spokesman said recent rain in France had not affected the *total* beet production forecast of 2.5m. tonnes compared with 2.97m. last year. While the rains contributed to increased root weight and the appearance of new leaves, sugar content had declined. This is a view shared by market sources in London who fear that the leaf growth which the rain may now encourage could sap some of the sugar from the root.

● In Georgetown, Guyana, Mr. Forbes Burnham, the Prime Minister, called for a meeting with the Guyana Trades Union Congress in an effort to settle a strike by sugar workers which could cost 20,000 tonnes in lost production, labour sources said.

The Guyana Agricultural and General Workers Union said it would not call off its strike unless its demand for a top sugar company official to be removed from his post is met.

Reuter

Sharp fall in cocoa futures

By John Edwards, Commodities Editor

COCOA PRICES fell sharply on the London futures market yesterday breaching the permissible limit down at one stage beore rallying from the lower levels.

The December position opened higher at £1,461 a tonne, reflecting the overnight trend in New York. It collapsed to a low of £1,418 before recovering at the close to £1,425.25 a tonne, £25.50 down on the previous day.

The sudden decline was seen by dealers as the inevitable reaction to the recent surge in values that has taken market prices to all-time highs this week.

The selling described as profit taking and "long" liquidation — is believed to have been triggered off by a report that a major *U.S.* manufacturer is being forced to raise its chocolate prices and expects a substantial fall in demand if present price *levels are sustained. However,* it was significant that the market volume of trading was very thin and producing countries remained withdrawn as *sellers. The somewhat* shaky recovery was encouraged by the view that the market was only taking a necessary "breather" *before moving to higher* ground again. But there is considerable nervousness reflecting in the erratic movement of prices.

Meanwhile coffee futures yesterday more than recovered the previous day's losses. The November position closed £21.5 higher at £1,539 a tonne after having *traded earlier in the* day at £1,507.

GRAIN MARKETS

Doubts about prices despite poor harvest

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE MARKET for English grain is very firm just now, and farmers, merchants and users are uncertain how it will develop. The most important factor is the *size of the crop in the U.K.* Estimates vary from 14m. tons to 12m. But there are no authoritive figures, and even official assessment is no more than a guess at the *best of times.*

There is no doubt that except in a few cases, particularly in the north of England and Scotland, the early promise shown by the crops in mid-June has failed to be realised. Few farmers have equipment for weighing their grain into store. But some of those who have report abysmally low yields. Those who have not are almost afraid to venture a guess that is anywhere near the truth.

This has meant there is no pressure to sell at all. Farmers have plenty of room in their stores and wish to make sure that the return from their crops is as high as possible. They do not appear to be financially pressed at present, and the prices offered for deliveries in future months makes them think values can only go on rising.

They have been encouraged by the malting trade this year. The poor quality of much of the barley crop has meant maltsters had to compete for the scarce lots of suitable grain at prices beyond the wildest dreams of most growers a few months ago. This malting trade is not only for use in Britain. There was a sizeable forward trade for malting barley exports based on specifications which traders who were not covered have had great difficulty and expense in covering.

There are also believed to be a substantial number of forward traders in British grain who have been caught short between rising prices and the reluctance to sell and have been forced to enter the market. Farmers who traditionally seldom sell on a rising market have more encouragement than ever not to.

Demand

The drought has also meant an increased use of compound feeds, mainly cereal based. Manufacturers say they are selling almost as much now as in the depths of the winter. It looks as though the demand from this outlet will continue unabated until the spring. The market *for feed wheat and barley, which* seems to be about £82 and £78 per ton respectively ex-farm for October to December in many areas, does not seem high enough *to many farmers.*

Nor are they very happy about the prices being offered by millers for high-protein wheat. In previous years millers have called for the production of better quality wheat but have generally been reticent about the premium they would be prepared to pay.

A feature of this harvest has been the very high quality for bread-making purposes of a great deal of the wheat harvested. Protein levels are at an all-time high. *Millers are naturally* taking full advantage of this and offering a very low premium over feed wheat prices. Farmers are said to be reacting by deciding to increase their plantings of non-millable varieties, which in normal years are much higher yielding than the quality varieties.

The market overall is on a plateau. The price for future deliveries does show a rising trend, but the extra amount would hardly cover the interest cost of keeping the grain until the later dates.

The "bear" factor in the equa*tion is the influence of imports* of maize, sorghum and other feed grains. Maize is a higher feed value grain than barley. At present prices of about £78-£79 *per ton ex silo, it is obviously* a better buy than barley at the same price ex-farm, especially for port compounders.

As a result, it is believed much *of the present trade in barley* is being done with country compounders.

The world outlook for maize prices is generally bearish, *heavy crops are expected* in the U.S. but the influence of EEC levies and the weakness of sterling will probably prevent prices from falling on this market, *even if they do in the outside* world.

On balance it would seem farmers who are hanging on for a rise are unlikely to lose much unless the importers can find a way of getting feed grain in cheap as they did in the spring of 1975 due to an aberration of the Commission officials. But it is also questionable if prices can rise very much more, other than to reflect the seasonal cost of storage.

Soviet fodder output shows big rise

MOSCOW, Sept. 2.

SOVIET production of animal fodder this year was higher than in 1973, when the Soviet Union had its biggest-ever grain harvest, the Communist Party daily newspaper Pravda reported.

Western farm experts in Moscow said the crop would help Soviet farmers restore the livestock losses caused by the poor 1975 harvest.

Pravda said 27.6m. tonnes of silage had been harvested and 59.5m. tonnes of haylage, which is made from grasses cut while still green. Comparable figures for 1973 were 25 and 48m. tonnes respectively. Farmers had collected 38.9m. tonnes of hay, which is less nutritious, against 46m. tonnes in 1973.

Increasing fodder production has been given a strong emphasis by Soviet planners to help step up meat production.

Reuter

World cotton output rise likely

WASHINGTON, Sept. 2.

BARRING UNFORESEEN developments world cotton production this season could increase by roughly 5m. bales over last season's abnormally low 55.5m., the International Cotton Advisory Committee said.

Main production increases are expected in the U.S., India and Pakistan, although most countries, with the notable exception of Syria and Spain, appear heading for a larger crop.

The committee said a strong recovery in cotton demand, trade and prices in past months has given cotton an edge over most competing crops, compared with the massive switch out of cotton acreage in the first half of 1975.

While the expected increase in output should relieve the current difficult supply situation, world supplies of raw cotton are again likely to decline this season because of the sharp reduction in carryover stocks to only about 21.5m. bales against 29.7m. a year ago.

World supplies of extra-long staple are also expected to be down in 1976-77 as carryover stocks were sharply reduced and production is not likely to be much, if any, higher than last season's level.

Referring to areas where no official estimates are currently available, the committee said in Africa Government sources in many countries are confident that cotton planting will increase significantly following improved prices.

It cited official sources in South America who expect increased plantings of around 12 per cent. in Brazil and 17 per cent. in Argentina. Crops in Colombia and Peru could be up 10-15 per cent.

In the Soviet Union a recovery in production is probable despite a slow start due to unfavourable weather in some areas.

The Chinese crop appears to be doing well, with conditions back to normal after the May earthquake, it said.

From New Delhi, meanwhile, Commerce Ministry officials said Government agencies have bought 225,425 bales of cotton from various countries in recent months.

Contracts have been signed for imports from the U.S., Sudan, Egypt, Tanzania, Mexico, Afghanistan, Iran, Greece, and the Soviet Union.

The Indian Government decided two months ago to import cotton to check rising domestic prices and meet an anticipated production shortage. Imports of artificial fibres have also been liberalised.

Reuter

Silver prices boosted

By Our Commodities Editor

SILVER PRICES surged up in London yesterday, reflecting the U.S. move to cancel previous plans for sales of surplus stockpile silver.

On the London bullion market the spot quotation was raised 11.5p to 241.9p an ounce, but *then moved* erratically before closing slightly below the fixing level.

There was considerable nervousness at the higher price levels, *illustrated by a sudden dip* in the market on a rumour — subsequently discounted — that the stockpile sale would go ahead after all.

Some progress in EEC sheepmeat talks

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE MEETING in Brussels on Wednesday to try to agree terms for a Common sheepmeat policy before a full-scale regulation under EEC rules can be brought into effect, made some progress.

According to Mr. Gavin Strang, Parliamentary Secretary to the Ministry of Agriculture, it might be possible to submit proposals *to the full* Council of Ministers on September 20.

But there was not complete unanimity. Apparently the French and British agreed that their national prices should be protected by compensatory payments which would have the effect of keeping prices in France up and those in Britain near the present guaranteed level, which is about half that in France.

The Irish are believed to be against this interpretation. They would like free trade in lamb within the Community with a common price, and would not accept compensatory payments or levies on their exports which would have the effect of keeping their prices down near the British level.

They are also believed to be *concerned* that under this regime the French would institute export levies against other member countries such as Belgium through which lamb is exported to France *without* duty when the French market itself is closed against direct exports from Britain and Ireland.

To get Irish agreement the compensatory payments would have to be set at a level permitting much higher prices to Irish exporters.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Firmer on balance on the London Metal Exchange. Following a strong performance on Comex overnight in response to the congressional move to *stop U.S. stockpile sales of tin and silver,* forward metal opened at £882. Trade back pricing sales caused some decline, [illegible]

Following a further decline the price improved after a steady opening on Comex. But the rally was short-lived and the price came under pressure from arbitrage selling and the continuing presence of sales from continental sources. The lowest price reached was £878 but there was some recovery before the close on the kerb at £880. Turnover, 25,275 tonnes. [illegible]

[illegible] to the U.S. stockpile news, and the price declined to £4,650. Physical demand was low. In the afternoon prices recovered to £4,667 but then slipped back to close at £4,626 on the kerb. Turnover, 1,280 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
[illegible]				

I.G. INDEX 01-351 3466 DECEMBER—SILVER 247.30-249.90

COMPANY NOTICES

NEW KLEINFONTEIN PROPERTIES LIMITED

(Incorporated with limited liability in the Republic of South Africa)

INTERIM REPORT

[illegible]

THE BARROW MILLING COMPANY, LIMITED

[illegible]

HIGHSONS BREWERY LTD.

[illegible]

from the U.S. West Coast to the Continent at $4.25 per ton. Inquiries circulating the market included a vessel of 650,000/700,000 cf bale for a voyage from the Adriatic to the Middle East in Sept. and a vessel of 45,000/55,000 long dwt for a Sept. voyage from Brazil to Boston/Galveston range.

COCOA

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

FREIGHTS

[illegible]

JUTE

[illegible]

LONDON—Steady. Bangladesh White "C" grade Sept.-Oct. $381. Bangladesh White "D" grade Sept. $362. A long ton. CALCUTTA—Dull. Indian spot Rs.450. Dundee Tossa Four spot Rs.450 values. A bale of 400 lbs.

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

WOOL FUTURES

[illegible]

PALM OIL

[illegible]

MEAT/VEGETABLES

[illegible]

bers up 33.2 per cent., average 49.5p (+2.8).

COVENT GARDEN—London (prices in sterling). Imported produce: Oranges—South African: 56/150 2.50-3.45; Californian: 3.00-3.80. Grapefruit—South African: 27 2.70, 32 3.00, 36 2.70, 40 2.80, 48 2.90, 56 3.00, 64 2.50, 72/88 2.00. *Lemons—South African: 80/195 4.30-5.00:* Italian: 4.00-4.50; Californian: 3.50-4.00. [illegible]

GRAINS

[illegible]

nil, nil, nil (37.08, nil, nil, nil): Grain sorghum—41.02, nil, nil, nil) (41.82, nil, nil, nil). Also for flours: Wheat or mixed wheat and rye—85.85 (86.97): Rye—69.25 (72.60).

★

COTTON—Liverpool: Spot and shipment sales amounted to 151 tonnes, bringing the total for the week so far to 421 tonnes. Moderate buying in a variety of styles followed the somewhat lower level of prices, reports F. W. Tattersall. Spinners were cautious in assessing forward needs because of the possibility of short-term working.

MOODY'S INDEX

MOODY'S commodity index is subject to revision on all index figures from Friday, August 27, retroactive to May this year, Reuter said yesterday.

A spokesman for Moody's said they are trying to get the correct figures backdated for coffee during the period concerned and hope to issue revised statistics as soon as they are available.

PRICE CHANGES

Prices per ton unless otherwise stated

	Sept. 2 1976	+ or −	Month ago
Metals			
Aluminium	£567.6	......	£526.6
Free Market (cif)	$985-985	......	$950-87
[illegible]			

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

Dow Jones	Sept. 2	Sept. 1	Month ago	Year ago
Spot	337.62	349.38	339.89	314.61
Futures	342.75	342.85	350.08	296.17

(Average 1924-25-26=100)

MOODY'S

Moody's	Sept. 2	Sept. 1	Month ago	Year ago
Sple Commty	839.3	839.5	818.7	781.5

(December 31 1931=100)

★

GRIMSBY FISH—Supply and demand good. (Prices per stone at ship's side, unprocessed)—Shelf cod £2.90-£3.40, codlings £2.40; large haddock £3.02-£3.50, medium haddock £2.40-£3.00, small haddock £1.80-£2.00; large plaice £3.40-£3.78, medium plaice £2.80-£3.20, best small plaice £2.40-£2.80; skinned dogfish (medium) £4.60, (large) £5.40; lemon soles £5.50; rock fish £1.60; reds £1.20; saithe £1.58.

U.S. Markets

Soyabeans close at limit up

NEW YORK, Sept. 2.

SOYABEANS closed limit up and meal finished strong on rumours of Russian buying in meal. Silver was slightly higher following soyabeans with mixed activity. Trade selling weighed heavily on sugar. Coffee finished at and near limit up on trade buying following good physical business. Cocoa finished weak on Commission House profit-taking. Bache comments.

Cocoa—Ghana spot 123¾ (126¾). Bahia spot 116¾ (119½). Sept. 111.60 (114.25), Dec. 108.60 (111.70), March 103.00, May 96.70, July 95.10, Sept. 91.55, Dec. 96.95. Sales: 1,107 lots.

Coffee—"C" Contract: Sept. 169.00 asked (167.00), Dec. 152.98 (149.98), March 145.50, May 144.15, July 143.90 asked, Sept. 143.55, Dec. nil. Sales: 958 lots.

Copper—Sept. 68.50 (68.90), Oct. 69.00 (69.40), Nov. 69.50, Dec. 70.10, Jan. 70.70, March 71.90, *May 73.10,* July 74.10, Sept. 75.10. Sales: 3,900 lots.

Cotton—No. 2: Oct. 74.90-75.00 (76.10), *Dec. 74.25-78.40* (74.63), March 74.90-75.20, May 75.60, July 75.00, Oct. 69.45-69.55, Dec. 66.75-66.55. Sales: 3,650 lots.

⊕Gold—Sept. 104.80 (104.80), Oct. 105.00 (105.00), Nov. 105.20, Dec. 105.40, Feb. 105.80, April 106.40, June 107.10, Aug. *107.80, Oct. 108.70, Dec. 109.50. Sales:* 1,409.

Greasewool—Spot 182.5 nom. (same). Oct. 179.0-178.7 (179.0), Dec. 182.0-187.8 (182.0), March 182.0-190.0, May unquoted.

†Lard—Chicago loose 19.00 (16.00).

††Maize—Sept. 290¼-290 (256¾), Dec. 289-289½ (284¼), March 297¼-297½, May 303-303½, July 303¼-304¼, Sept. 294¼.

‡Platinum—Oct. 156.30 (156.30), Jan. 159.20 (161.20), April 163.80, July 166.50, Oct. 168.50, Jan. 172.50. Sales: 725.

‡‡Silver—Spot 425.60 (423.00), Sept. 430.00 (426.70), Oct. 431.00 (427.70), Nov. 433.10, Dec. 435.50, Jan. 437.50, March [illegible]

[illegible]

STOCK EXCHANGE REPORT

Firm day despite mildly disappointing ICI figures

Share index up 4.7 at 355.8 - BP please

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug. 23	Sep. 2	Sep. 3	Sep. 14
Sep. 6	Sep. 16	Sep. 17	Sep. 28
Sep. 20	Sep. 30	Oct. 1	Oct. 12

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Although earlier enthusiasm was dampened by mildly disappointing half-yearly results from ICI, 3 up at 329p. after 333p. equity markets enjoyed a firm trading session yesterday. The feature of the day was British Petroleum with a rise of 25 at 588p in response to the better-than-expected interim statement. Other Oil shares moved ahead in sympathy and above average gains were shown in a rise of 3.2 per cent. to 344.51 in the FT-Actuaries index for the sector.

Encouraged by the good overnight performance on Wall Street, leading equities made useful progress until lunch time when the ICI statement prompted a modest reaction. Up 5.6 at its best of the day at 1 p.m., the FT 30-share index closed 4.7 higher on balance at 355.8. The slight downturn mainly reflected defensive marking down rather than a return of sellers.

A little more interest than of late was shown in secondary issues and for the first day this week rises had the edge over falls by 2-1 in FT-quoted Industrials. The FT-Actuaries All-Share index improved 1.3 per cent. to 146.24.

After openin ghigher on U.S. advices, Gold shares moved erratically before closing with small gains on balance. The Gold mines index improve 2.5 more to 98.2, making a rally of 13.5 over the last three trading days.

Funds quiet

British Funds passed an uninspiring session. The tendency to await the Government's future funding tactics was still obvious, while the imminence of the latest NIESR economic report was another inhibiting influence on trade. Several short-dated maturities were a touch easier ahead of the U.K. official reserves figure for August and closed a maximum of 3/32 easier, while mediums and longs remained at their overnight list levels all day. Corporations improved occasionally, usually by ¼.

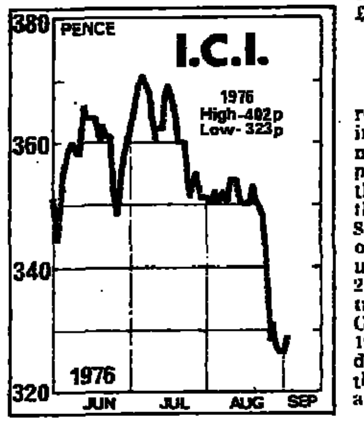
A fresh early reaction in the investment currency premium encouraged revived institutional support which fully absorbed further offerings on arbitrage account and the rate recovered from 106¼ to close a net ¼ up at 108¼ per cent. Yesterday's SE conversion factor was 0.7039 (0.7003).

Hambro Life Assurance continued firmly in Recent Equities, rising 5 further to 197p for a two-day gain of 7: it was announced yesterday that Hambros Limited had increased its shareholding. Tolux S.A. moved up 3 to 115p.

Prov. Financial please

Features were hard to find in the Banking and Hire Purchase sectors Provident Financial, however, stood out in HPs rising 5 to 60p, after 61½p., on the much better-than-expected first-half figures, while already firm at 170p in front of the results. Guinness Peat improved further on them to close a net 8 higher at 173p in Merchant Banks. The big four Banks were barely tested and, with the exception of Barclays, which hardened a penny to 243p, remained at their overnight levels Bank of Scotland met with some support and rose 6 to 230p. Foreign issues declined further with losses of 4 and 10 respectively seen in Hongkong and Shanghai, 308p, and Commercial Bank of Australia, 335p.

Press comment on the good first-half profits performance helped Matthews Wrightson survive an early reaction and go ahead to close a fresh 4 higher on the day at 189p, a two-day improvement of 16. Alexander Howden, on the other hand, eased a penny to 128p, after extremes of 130p and 126p, on further consideration of the interim results. Elsewhere, London United Investments hardened a penny to 30p following trading news and Guardian Royal Exchange (interim results due next Wednesday) gained 3 at 186p.



Breweries and kindred trades took a firmer line, although the volume of trade remained small. Improvements of 2 or so were seen in Allied, 64p, Bass Charrington, 94p, and Distillers, 121p.

Buildings traded steadier. Reed and Mallik hardened 1¼ to 19½p, while Magnet and Southerns, 128p, and H. and R. Johnson-Richards Tiles, 164p, put on 3 and 4 respecitvely. R. M. Douglas closed a penny better at 32p after the preliminary figures, while sharply higher first-half profits left Mixconcrete only a penny firmer at 47p. Scottish Homes Investment, however, eased a penny to 6p on the annual loss.

After rising to 333p ahead of the interim statement, ICI reacted on the mildly disappointing profit figures to close a net 3 better at 329p. Allied Colloids moved up 4 to 120p on the chairman's stactment at the annual meeting. Brent also finished 4 higher at 87p after news of a £1m. acquisition.

Reyrolle improve

Reyrolle Parsons, with interim results expected on September 14, improved 4 to 101p. EMI, a dull market of late on fears about the prospects of the X-ray scanner in the U.S., staged a modest recovery, the Ordinary rising 5 to 204p and 8½ per cent. Convertible putting on 1½ points at £113½. GEC moved up 3 to 133p, while Plessey closed 2 better at 73p, and Thorn Electrical "A" improved 4 to 210p. On an easier note, Decca "A," at 194p, gave up 2 of the previous day's rise of 12 which followed the better-than-expected preliminary figures.

Among quiet Stores, Marks and Spencer hardened a penny to 95p and "Gussies" "A" improved 2 to 177p, after 178p. Lee Cooper were noteworthy for an advance of 5 to a 1976 peak of 142p in a thin market. Midland Educational at 77p, made no apparent response to the preliminary statement. Mail Orders had a firmer inclination, Freemans (London) closing a penny better at 150p and Empire Stores finishing 2 harder at 82p.

The leaders performed best in Engineerings and Hawker, although in a thin trade, regained 6 to 392p. Tube Investments were also in the van at 329p, up 5, while John Brown revived with a rise of 4 to 94p. Weyburn outshone other secondary issues by rebounding 14 to 312p and demand continued for Simon, which gained 4 more to 121p; the latter's first-half results are expected this month. Gains were otherwise marginal with Thomas Robinson 1 harder at 42p on the increased dividend and profits. Baker Perkins made a similar improvement to 62p following Press comment, but William Cook and Sons (Sheffield) shed that much to 24p, being influenced by the chairman's cautionary view of prospects. Hall Engineering were lowered 4 to 114p and Benjamin Priest 3 to 53p, but Capper-Neill recovered 3 to 48p.

After Wednesday's late rise on the announcement that Tate and Lyle (2 off at 228p) had extended their offer in the absence of any decision on whether the bid will be referred to the Monopolies Commission, Manbre and Garton hardened a penny more to 163p. Tavener Rutledge responded to the first-half profits increase with a rise of 2 to 96p, while other firm spots included Kinloch, 2 up at 128p, and J. B. Eastwood, 3 higher at 50p. Of the few losers, Cavenham reacted 3 to a 1976 "low" of 96p.

Ladbroke, still reflecting recent trading news, edged up 3 to 89p. Trust Houses Forte finished 2 better at 90p, while smaller-priced issues had Queens Moat and Swan Ryan both fractionally harder at 7½p and 8p respectively.

Misc. leaders better

Encouraged by the overnight strength on Wall Street, the miscellaneous Industrial leaders opened higher yesterday and, although best levels were not always held, ended with improvements that ranged to 5. Glaxo were that much dearer at 360p, after 363p, while Turner and Newall (interim results due next Tuesday) put on 3 at 136p. In front of to-day's interim results, Bowater edged forward 2 to 178p. Elsewhere, second-line issues took their cue from the leaders and closed firmer for choice. Contemplating Mr. Martin Green's acquisition of an 11½ per cent. stake in the company and his option to purchase another 10 per cent. at 35p per share, Scottish Heritable Trust advanced 3½ more to a 1976 high of 25½p, making a two-day advance of 8. Satisfactory preliminary figures helped Westminster and Country Properties close a shade harder at 15p, after 16p, while Gripperrods were 2 firmer at 60p following trading news. Details of Gestetner's proposed redemption of its 5¾ per cent. Loan 2004-09 at £60 led to the latter being marked up 18 points to £58. Improvements of 6 and 10 respectively were seen in Rennies Consolidated, 90p, and Barlow Rand, 156p. By way of contrast, Jardine Matheson declined 12 to 322p on Far-Eastern advices.

Most of the interest in Motors and Distributors was concentrated on Lex Service, which in active trading hardened 2 at 33½p, the interim figures are expected on September 15. Dunlop improved similarly to 83p. Lyon and Lyon, 30p, and Crane Fruehauf, 19p, were both a penny harder following their respective interim reports.

Newspapers rallied from the recent low levels with Beaverbrook "A" up 2½ at 31½p, being a particular target for buyers. United regained 2 to 230p along with News International, which closed at 122p. Publishers joined in the movement and Marshall Cavendish put on 1½ to 27½p, while A. and C. Black, at 43p, recouped Wednesday's fall of 3. Paper/Printings moved marginally either way.

BP rise sharply

Second-quarter figures well in excess of market expectations promoted a notable upturn in British Petroleum and the Oil market in general. BP closed 25 up at the day's best of 588p, while Shell rebounded 8 to 406p. Burmah continued to regain confidence, still influenced by the Indonesian liquid natural gas transportation contract, and ended 4 dearer at 38p. Ultramar rallied a similar amount to 112p, but Royal Dutch reacted ¾ to £38½. Berry Wiggins were overshadowed and thus hardened only 1 to 26p in a small trade. Australian issues became irregular, Woodside-Burmah gaining 3 to 114p, but Weeks Natural Resources losing 6 to 70p.

Properties failed to participate in yesterday's better trend and Land Securities remained at 151p. MEPC rallied 1 to 67p after news that Blackfriars House had been fully let. A few secondary stocks made limited improvement including Great Portland Estates, 2 harder at 218p, and Hammerson "A," 3 dearer at 338p. Imry also regained 3 to 153p, but Nolton Estates eased 1½ to 49½p on the "rights" issue announcement. End-Account profit-taking took a toll on Peachey, which reacted 2½ to 36p, while investment dollar influences brought Lend Lease back 6 to 296p.

Overseas Traders displayed no set trend. Inchcape did well at 377p, up 10, but Harrisons and Crosfields receded 12½ to 400p.

Price levels and business volume improved slightly in Investment Trusts where BET Deferred were notable at 71p, up 4, following the good results. Simonside met with small demand in a thin market and hardened 3 to 60p, but Jardine Securities cheapened 4 to 128p on Far-eastern advices. Dalgety improved 4 to 228p in Financials.

In quietly firm Shippings, Furness Withy advanced 4 to 170p on revived speculative interest. British and Commonwealth hardened 3 to 206p. P and O Deferred gained 2 at 104p and Ocean Transport edged forward 1½ to 126p; the last-named's interim results are due next Tuesday.

Up 10 Wednesday on receipt of a bid worth 85p per share from Nottingham Manufacturing (unaltered at 63p), George Spencer advanced 4 more to a 1976 high of 39p in anticipation of a tough defence against the offer. Elsewhere in Textiles, Stoddard "A" put on 3 to 33p following the sharply higher preliminary profits, while Courtaulds edged forward 2 to 114p in sympathy with the firmer trend of the Industrial leaders.

The Tobacco majors took a turn for the better, with BATs Deferred 3 harder at 205p and the Ordinary 3 better at 255p. IMPs improved the turn to 73p.

South African Industrials closed with a lengthy list of gains. Gold Fields Properties regained 5 at 50p, while O.K. Bazaars, 420p, and Anglo-American Industrial, 450p, both finished 20 higher. Primrose rose 6 to 103p as did Abercom Investments to 136p. Tiger Oats improved 15 to 425p, while rises of around 10 were seen in Hulett's Corporation, 125p, and Rex Trueform "A", 190p.

Golds erratic

South African Gold shares blew hot and cold yesterday on hopes and fears over the bullion price ahead of to-morrow's Zurich meeting between Dr. Kissinger and the South African Premier Mr. Vorster.

Shares opened sharply higher reflecting substantial overnight U.S. demand and improved further following the subsequent gain in the metal price which was fixed at $107.35 per ounce in the morning.

In the afternoon, however, the reaction in the bullion price, which was finally 50 cents up at $106.125 per ounce caused a like movement in share prices, which were quickly marked down, although in some places they still closed showing good rises. The Gold Mines index gained 2.5 more to 98.2. Also affecting sentiment was talk of further outbreaks of civil unrest in southern Africa, coupled with the initial decline in the investment dollar premium.

In the heavyweight issues, West Driefontein closed ¾ higher £14¼, after £15¼, while Rand tein were finally unchanged £14, after £15.

In the marginal issues, "S lies" slumped 11 to a year's l of 35p, after having been up 68p at one point, on considerati of the news that operations w have to cease at the end of Ma 1977 and that the company is pr posing to make a "rights" issu Vlakfontein, which has given statutory three months' notice closure to the Minister of Min receded 4 to 30p.

Financials mirrored Gol General Mining improved ¾ £14¾ in front of the half-ye results, while De Beers rose 2 210p, after 215p, on considera of the resumption of devel ment of the company's diamo deposit in Namaqualand.

Elsewhere, Murchison closed higher at 700p, after 720p, front of the news that hopes the discovery of a new orebo have not materialised.

FINANCIAL TIMES STOCK INDICES

	Sept. 2	Sept. 1	Aug. 31	Aug. 27	Aug. 26	Aug. 25	A Year ago
Government Secs.	61.84	61.86	61.72	61.74	61.52	61.47	61.68
Fixed Interest	61.14	61.25	61.31	61.26	61.21	61.24	61.16
Industrial Ordinary	355.8	351.1	350.6	352.0	356.3	352.4	[illegible]
Gold Mines	98.2	95.7	87.2	84.7	86.8	78.8	[illegible]
Ord. Div. Yield	6.24	6.32	6.33	6.29	6.22	6.38	[illegible]
Earnings Y'ld% (full)	18.20	18.43	18.45	18.28	18.06	18.25	[illegible]
P/E Ratio (net) (a) (b)	8.15	8.05	8.02	8.09	8.20	8.11	[illegible]
Dealings marked	4,195	3,972	4,116	3,779	3,984	4,551	[illegible]
Equity turnover £m.	—	25.96	28.05	35.32	39.97	38.29	[illegible]
Equity bargains total	—	8,001	8,823	8,408	9,782	10,202	[illegible]

10 a.m. 353.8. 11 a.m. 358.1. Noon 356.6. 1 p.m. 356.7.
2 p.m. 355.8. 3 p.m. 355.7.
Latest Index 01-246 8026.
(a) Based on 52 per cent. corporation tax. (b) Nil=8.67.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1)	60.19 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.45 (2/5)	59.75 (2/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5)	350.8 (31/8)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1)	78.8 (25/8)	442.5 (22/5/75)	42.5 (26/10/71)

S.E. ACTIVITY

—	Sept. 2	Sept. 1
Daily –		
Gilt-Edged	162.6	159.2
Industrials	126.9	121.8
Speculative	35.9	47.9
Totals	95.4	90.4
5-day Av'ge.		
Gilt-Edged	159.9	185.6
Industrials	124.0	128.1
Speculative	50.3	52.0
Totals	91.2	92.8

Anomaly in legal aid

AN ANOMALY in the legal ai system is to be discussed by th British Legal Association at a conference at Chester ne month. It relates to bail applic tions made by prisoners to High Court judge in chambers.

Mr. Jeffrey Gordon, speaki for the association yesterda said: "Bail applicants with mone to pay for alawyer achieve som thing like 40 per cent. succes compared with only 8 per ce for those who cannot afford lawyer.

"Law Society Legal aid loc committees seem to have se their faces against remedyin this anomaly."

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section. Thursday, September 2, 1976.

	EQUITY GROUPS / GROUPS & SUB-SECTIONS	Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Wed. Sept. 1 Index No.	Tues. Aug. 31 Index No.	Friday Aug. 27 Index No.	Thurs. Aug. 26 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	132.75	+1.3	18.90	6.93	7.93	7.86	131.03	131.06	132.47	133.86	119.77	160.06 (21/4)	131.03 (1/9)	206.37 (4/5/72)	50.17 (13/12/74)
2	Building Materials (30)	119.41	+1.4	17.79	7.82	8.47	8.47	117.80	117.88	118.97	121.30	113.28	150.18 (15/1)	117.80 (1/9)	233.84 (2/6/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	175.48	+0.1	23.47	6.29	6.57	6.57	175.25	175.03	176.01	178.94	219.91	260.20 (15/1)	175.03 (31/8)	389.33 (13/5/72)	71.48 (2/12/74)
4	Electricals (16)	257.25	+2.0	18.66	5.60	8.01	7.79	252.70	252.61	257.14	259.71	217.89	287.30 (21/4)	252.61 (31/8)	350.04 (4/5/72)	86.71 (25/6/62)
5	Engineering (Heavy) (13)	155.84	+2.5	24.95	7.92	5.97	5.87	152.07	151.19	153.77	154.13	144.85	193.18 (3/5)	150.01 (25/8)	202.57 (6/6/73)	94.46 (1/2/73)
6	Engineering (General) (64)	125.71	+1.1	18.86	7.19	7.86	7.85	124.30	124.44	125.15	126.00	101.33	149.29 (5/5)	124.30 (1/9)	186.59 (4/5/72)	45.14 (6/1/75)
7	Machine and Other Tools (9)	53.70	+1.1	18.02	8.35	8.31	8.29	53.10	53.36	53.84	54.20	40.60	60.62 (5/5)	51.19 (5/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (24)	120.21	+0.7	15.81	7.35	9.54	9.26	119.36	119.39	120.95	121.29	101.76	141.94 (11/5)	119.36 (1/9)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	113.04	+0.6	19.48	6.10	7.71	7.69	112.32	112.12	112.96	114.36	93.95	141.46 (21/4)	112.12 (31/8)	227.78 (21/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	121.67	+0.8	18.52	4.78	8.01	7.99	120.76	120.12	121.69	123.83	113.67	160.35 (7/4)	120.12 (31/8)	257.41 (19/5/72)	42.55 (12/12/74)
11	Household Goods (13)	142.30	0.2	20.38	8.40	7.48	7.45	142.60	142.76	143.61	143.76	137.36	187.22 (7/4)	142.30 (2/9)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	73.96	+0.8	20.51	7.20	7.41	7.38	73.40	73.56	73.56	74.23	47.52	85.16 (5/5)	70.05 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	135.07	+1.1	16.26	7.08	9.50	9.21	133.64	132.99	133.44	134.83	134.49	162.24 (4/2)	132.99 (31/8)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (15)	153.01	+1.7	15.43	7.44	9.71	9.71	150.46	147.74	147.69	150.55	152.08	179.43 (2/3)	147.69 (27/8)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	149.54	+1.5	15.83	7.33	9.70	9.70	147.31	145.67	145.61	147.88	134.92	190.67 (5/5)	144.44 (25/6)	257.40 (15/7/72)	78.71 (13/12/74)
16	Entertainment, Catering (14)	161.81	+1.6	15.43	8.25	10.00	9.91	159.24	157.57	159.25	161.03	154.12	211.26 (2/3)	157.57 (31/8)	329.99 (12/12/72)	54.87 (4/7/74)
17	Food Manufacturing (22)	149.09	+0.7	17.90	5.92	8.50	8.44	148.05	147.49	147.35	148.87	145.54	179.44 (11/5)	147.34 (25/8)	211.65 (1/5/72)	59.79 (11/12/74)
18	Food Retailing (16)	124.50	+0.2	14.13	6.28	10.30	10.30	124.20	123.56	124.95	125.77	139.35	150.05 (12/1)	123.56 (31/8)	235.08 (16/2/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	170.10	+1.0	14.41	6.12	10.67	10.67	168.49	168.57	169.98	171.43	130.97	184.34 (11/3)	157.01 (2/6)	250.29 (12/1/72)	55.08 (6/1/75)
20	Packaging and Paper (12)	92.48	+1.1	17.57	8.20	8.75	8.75	91.48	91.16	92.36	92.90	89.04	112.50 (26/2)	91.16 (31/8)	135.69 (28/4/72)	43.46 (6/1/75)
21	Stores (34)	110.73	+0.5	13.79	6.33	11.17	11.15	110.16	109.50	109.83	110.60	117.17	136.24 (2/3)	109.50 (31/8)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (23)	132.89	+1.4	13.83	8.65	10.93	9.65	131.09	131.01	131.70	132.85	139.05	185.19 (30/1)	130.88 (25/8)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobaccos (3)	203.30	+1.9	21.55	8.49	6.90	6.90	199.44	200.84	201.38	203.85	192.57	241.89 (3/5)	199.44 (1/9)	339.16 (2/6/72)	94.34 (13/6/62)
24	Toys and Games (6)	71.12	+1.2	21.20	8.42	6.31	6.28	70.51	69.98	70.76	70.81	49.35	80.95 (16/7)	59.13 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (96)															
25	Chemicals (26)	195.28	+1.1	13.23	5.83	10.55	10.55	193.08	192.31	193.64	195.92	173.51	231.38 (3/5)	192.31 (31/8)	231.38 (3/5/76)	71.20 (1/12/74)
26	Office Equipment (9)	82.12	+1.2	14.65	6.41	9.97	9.97	81.10	81.03	81.26	82.32	81.75	100.18 (19/5)	81.03 (31/8)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	364.27	+1.5	15.67	7.07	10.62	9.65	358.99	359.27	360.97	362.30	336.46	432.64 (30/1)	355.52 (19/3)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (49)	141.53	+1.1	15.57	8.10	9.58	9.57	140.00	139.66	141.03	142.64	138.54	172.93 (21/4)	139.66 (31/8)	258.83 (2/6/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	139.17	+1.1	16.45	6.86	9.05	8.97	137.62	137.21	138.10	139.58	131.64	165.38 (3/5)	137.21 (31/8)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	344.51	+3.2	12.42	4.76	9.31	8.61	333.83	334.44	328.79	334.49	306.52	395.84 (30/5)	328.79 (27/8)	431.66 (30/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	155.97	+1.5	15.79	6.52	9.09	8.91	153.73	153.39	153.80	155.61	146.04	183.00 (3/5)	153.39 (31/8)	227.95 (16/5/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	119.17	+0.6	—	6.46	—	—	118.41	118.05	118.69	119.49	129.80	153.46 (30/1)	118.05 (31/8)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	142.49	+0.4	23.60	6.44	6.52	6.62	141.99	141.05	142.46	142.08	152.46	192.16 (30/1)	139.90 (25/8)	288.32 (15/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	138.19	+0.4	—	10.01	—	—	137.62	137.60	139.63	139.63	153.39	186.52 (13/1)	137.60 (31/8)	293.15 (27/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	88.78	+1.3	7.80	7.32	29.11	29.11	87.65	85.70	87.41	87.49	90.28	132.10 (26/2)	85.44 (30/7)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	97.87	+0.9	—	7.33	—	—	97.03	96.16	96.81	96.62	110.16	129.46 (30/1)	95.91 (2/6)	194.46 (15/5/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	97.08	+0.8	—	7.34	—	—	96.27	95.58	95.42	96.43	107.45	119.75 (9/1)	92.03 (1/6)	155.76 (21/4/72)	43.95 (13/12/74)
38	Insurance Brokers (9)	219.30	+0.8	11.17	5.31	13.23	13.23	217.50	216.27	217.86	218.09	193.85	276.90 (11/5)	215.56 (25/5)	276.90 (11/5/76)	65.86 (16/12/74)
39	Merchant Banks (16)	62.71	+0.2	—	8.92	—	—	62.58	62.47	63.85	64.39	82.58	93.83 (21/1)	62.47 (31/8)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	153.37	+0.7	4.26	3.58	41.32	59.46	152.23	154.63	154.79	158.80	168.48	194.57 (30/1)	144.37 (2/6)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	69.97	—	18.32	8.83	8.44	8.44	69.97	69.90	70.27	70.58	64.56	91.98 (5/2)	68.44 (4/7)	303.13 (15/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	138.63	+0.8	3.85	5.46	26.84	26.84	137.56	137.37	137.78	138.52	157.28	184.55 (30/1)	137.37 (31/8)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	146.24	+1.3	—	6.45	—	—	144.39	144.05	144.51	146.04	142.30	172.64 (30/1)	144.05 (31/8)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	451.98	+0.4	10.26	6.21	14.28	13.06	450.10	451.20	453.05	455.54	407.83	523.40 (7/5)	404.67 (14/1)	555.37 (27/7/73)	84.68 (2/6/65)
45	Teas (8)	134.28	+0.2	30.16	9.47	4.40	4.28	133.95	134.97	135.31	136.03	100.51	142.43 (6/7)	117.89 (7/1)	142.43 (6/7/76)	59.72 (17/10/74)
46	Coppers (3)	197.20	+1.0	50.11	8.71	2.00	2.00	195.22	187.50	184.25	185.10	376.63	301.47 (7/1)	177.60 (9/8)	567.78 (13/1/73)	94.08 (29/4/62)
47	Mining Finance (11)	87.91	+2.3	11.86	5.70	9.49	9.42	85.92	84.66	85.25	86.02	117.56	119.77 (7/1)	83.89 (25/8)	175.90 (22/6/69)	66.31 (30/9/74)
48	Tins (9)	103.25	—	15.51	9.72	9.90	9.85	103.25	103.25	103.57	106.05	95.35	119.14 (20/7)	86.09 (3/2)	125.43 (12/1/73)	54.83 (27/5/71)
49	Overseas Traders (13)	203.27	+0.4	17.20	4.94	7.80	7.79	202.46	200.20	201.26	202.93	211.04	254.47 (3/5)	200.20 (31/8)	254.47 (3/5/76)	97.37 (6/1/75)

	FIXED INTEREST	Thurs. Sept. 2 Index No.	Thurs. Sept. 2 Yield %	Wed. Sept. 1	Tuesday August 31	Friday August 27	Thurs. August 26	Wed. August 25	Tuesday August 24	Monday August 23	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.11	14.10	14.20	14.18	14.27	14.27	14.26	14.16	13.92	—	—	—	—
2	20-yr. Govt. Stocks (6)	48.19	‡13.48	48.22	47.96	47.98	47.81	47.71	47.94	48.15	51.27	53.45 (30/1)	47.56 (2/1)	115.48 (11/8/65)	38.37 (3/1/75)
3	20-yr Red. Deb. & Loans (15)	49.39	‡14.95	49.59	49.42	49.56	49.66	49.66	49.80	49.91	48.08	52.40 (21/5)	46.68 (2/1)	113.43 (25/10/68)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	48.93	14.16	48.93	48.93	49.20	49.20	49.16	49.16	49.06	46.53	51.23 (12/2)	45.43 (7/6)	114.41 (13/9/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	69.14	13.59	69.10	69.10	69.07	69.07	69.17	69.13	69.21	66.39	71.87 (2/2)	62.76 (2/1)	114.95 (7/10/68)	47.67 (6/1/75)

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	162.74
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	128.06
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer. A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 29p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	16	329	+ 3	402	323
Bats Defd.	25p	15	205	+ 5	225	200
GEC	25p	11	133	+ 3	168	130
Burmah Oil	£1	10	38	+ 4	53	31
Cons. Gold Fields	25p	9	138	—	220	128
De Beers Defd.	R0.05	8	210	+ 2	335	187
Shell Transport	25p	8	406	+ 8	402	378
Charter Cons.	25p	7	125	+ 4	199	118
EMI	50p	7	204	+ 5	277	196
Unilever	25p	7	408	+ 2	500	395
Bass Charrington	25p	6	94	+ 2	114	88
BP	£1	6	588	+25	685	557
Distillers	50p	6	121	+ 2½	158	116
Imperial Group	25p	6	73	+ 1	88	70
Marks & Spencer	25p	6	95	+ 1	108	88

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (c).

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 1	Sep. 13	Nov. 25	Dec. 7
Sep. 14	Sep. 27	Dec. 9	Dec. 21
Sep. 28	Oct. 11	Dec. 30	Jan. 4

"Calls" were dealt in Burmah Oil, Rio Tinto-Zinc, Berry Wiggins, Triplevest Capital, Newman Industries, Carrington Viyella, and Bowater. "Puts" were done in ICI, Shell Transport and BP, while "doubles" were arranged in Burmah Oil, Berry Wiggins and Trafalgar House "B" Warrants.

Industrials	
A. Brew	6½
A. P. Cement	15
Assoc. Leisure	3
BSR	9
Babcocks	8
Barclays Bank	22
Berrywiggins	5
Beecham	28
Boots Drug	12
Bowaters	16
B.A.T.	21
British Leyland	5
BOC In.	5½
Brown (J.)	9
Burton 'A'	6½
Cadburys	5
Cavenham	10
Courtaulds	11
Debenhams	8
Distillers	13
Dunlop	7½
Eagle Star	11
E.M.I.	17
Fitch Lovell	6
Gen. Accident	12
Gen. Electric	13
Glaxo	35
Grand Met.	7
G.U.S. 'A'	16
Guardian	18
G.K.N.	25
Hawker Sidd.	55
House of Fraser	8
I.C.I.	30
"Imps"	7
I.C.L.	14
Inveresk	7
Legal & General	12
Ladbroke	11
Lex Service	3¼
Lloyds Bank	22
"Lofs"	4
London Brick	4½
Lucas Inds.	20
"Mams"	7
Marks & Sp'ncer	8
Midland Bank	22
Nat'l West. Bank	20
"Do" Warrants	7½
P&O Dfd.	11
Plessey	7
R.H.M.	5
Rank Org. 'A'	18
Reed Int'l	23
Reyrolle	11
Rothmans	4
Slater Walker	4
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	9
Tube Invest.	27
Unilever	38
Utd. Drapery	8
Vickers	15
Williams Hud'n	4
Woolworths	6
Property	
Brit. Land	3½
Cap. Counties	5
E.P.	5
Int. Europe	7
Land Securities	14
MEPC	7
Peachey	6
Samuel Props	4½
Town & City	2½
Oils	
Brit. Petroleum	40
Burmah Oil	4½
Shell	27
Ultramar	14
Mines	
Charter Cons.	15
Chart'rh'll Fin.	4
Cons Gold	15
Hampton Areas	12
Lonrho	9
Rio T. Zinc	17
Western M'ng.	18

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (6)

STORES (1)
Lee Cooper
ENGINEERING (1)
Bate (W.)
INDUSTRIALS (2)
Schlumberger
Scot Heritable
TEXTILES (1)
Spencer (G.)
OILS (1)
Oil Exploration

NEW LOWS (33)

AMERICANS (1)
Petco Inds.
BANKS (1)
Kleinwort Benson
BUILDINGS (3)
Beaver
Reed & Mallik
Henderson (J. W.)
CHEMICALS (1)
Ciba Geigy 8¼pcConv.
STORES (3)
Foster Bros.
Upton (E.) 'A'
Home Charm
ELECTRICALS (1)
Wigfall (H.)
ENGINEERING (1)
Brasway
FOODS (2)
Assoc. Dairies
Cavenham
INDUSTRIALS (10)
Bath & Portland
Hoover 'A'
Bestobell
Inter-City
Change Wares
New Equipment
GR (Hldgs.)
Siebe Gorman
Granada 'A'
Sketchley
PROPERTY (2)
Barratt Dvlpts.
Nolton Estates
SHOES (1)
Wearra
TEXTILES (1)
Blackwood Morton
TRUSTS (3)
Elect. & General
Prog. Secs. Inv.
N. Throgmorton Cap.
OVERSEAS TRADERS (1)
Paterson Zochonis 'A'
MINES (2)
South African Land
Mount Lyell

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	8	44
Corpns., Dom. and Foreign Bonds	12	1	51
Industrials	350	170	1,188
Financial and Prop.	145	38	387
Oils	13	5	19
Plantation	2	2	38
Mines	70	15	59
Recent Issues	9	3	22
Totals	604	242	1,808

MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 11½ per cent.... (since May 21, 1976)

Day-to-day credit was in good supply in the London money market yesterday and the authorities did not intervene. Banks carried forward surplus balances from Wednesday, although this was not as large a factor as once expected. A fall in the note circulation was also in the market's favour and Government disbursements exceeded revenue payments to the Exchequer. On the other hand the market was faced with a net take-up of Treasury bills to finance, although this was not on as large a scale as earlier in the week.

Discount houses paid 10½-10¾ per cent. for secured call loans in the early part and closing balances were found at 9¾-10 per cent.

In the interbank market overnight loans opened at 10¼-10⅜ per cent. and rose to 10½-10⅝ per cent., before easing to 9-9½ per cent. during the afternoon, and closing at 10 per cent.

Short-term fixed period interest rates were slightly firmer in places.

Rates in the table below are nominal in some cases.

Sept. 2 1976	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ⊕	Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	9½-10⅝	—	—	—	10¾	9¾-10⅝	—	—	—
2 days notice	—	—	10½-10⅝	—	—	—	—	—	—	—
7 days or 7 days notice	—	10⅜-10⅝	10⅝-10¾	—	10¾-11⅛	—	10½-10⅝	—	—	—
One month	10 7/16-10⅝	10⅝-10 13/16	10¾	11¼-10¾	10⅞-11¼	—	10⅝	10¾-10⅞	10¾-10⅞	11¾-11½
Two months	11 1/16-10 15/16	10 15/16-11⅛	—	11½-11	11¼-11⅝	—	10¾	10⅞-10 15/16	10⅞	11¾-11⅝
Three months	11¼-11⅛	11⅛-11⅜	11⅛	11½-11	11 7/16-11 9/16	—	10 13/16-10⅞	10 13/16-10⅞	11-10 15/16	11¾-11⅝
Six months	11¾-11 9/16	11 9/16-11⅞	11½	11½-11	11¾-12⅛	—	—	—	11 1/16	11¾-11⅝
Nine months	11⅞-11¾	11¾-12	—	12-11½	—	—	—	—	—	—
One year	12-11 13/16	11⅞-12⅛	12-12⅛	12¼-11¾	—	—	—	—	—	—
Two years	—	—	12¾-13	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13¼-13½ per cent.; four years 13½-13¾ per cent.; five years 13¾ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11 1/32-11 per cent.; four-month trade bills 11¾-11½ per cent. Approximate selling rate for one-month Treasury bills 10¾ per cent.; two-month 10 13/16-10¾ per cent.; and three-month 10 39-64ths-10 19/32 per cent. Approximate selling rate for one-month bank bills 10⅞ per cent.; two-month 10 15/16-10⅞ per cent. and three-month 10 15/16 per cent.; one-month trade bills 11½-11⅜ per cent.; two-month three-months 11⅝-11½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11 per cent. from August 1, 1976. Clearing Bank Deposit Rates for small sums of seven days' notice 6½ per cent. Clearing Bank Rate for lending 10½ per cent. Treasury bill average tender rate of discount 10.5672 per cent.

BASE LENDING RATES

Allied Irish Banks Ltd.	10½%
American Express Bank	10½%
Anglo-Portuguese Bank	11 %
Henry Ansbacher	11 %
Banco de Bilbao	10½%
Bank of Cyprus	11 %
Bank of N.S.W.	10½%
Banque du Rhone S.A.	11 %
Barclays Bank	10½%
Barnett Christie Ltd.	12 %
Bremar Holdings Ltd.	11½%
Brit. Bank of Mid. East	10½%
■ Brown Shipley	11 %
Canada Permanent AFI	10½%
Capitol C & C Fin. Ltd.	13 %
Cayzer, Bowater Co.Ltd.	11 %
Cedar Holdings	11 %
■ Charterhouse Japhet	11 %
C. E. Coates	11½%
Consolidated Credits	11 %
Co-operative Bank	*10½%
Corinthian Securities	10½%
Credit Lyonnais	10½%
G. R. Dawes	11½%
Duncan Lawrie	10½%
Eagil Trust	10½%
English Transcont	11 %
First London Secs.	10½%
■ Antony Gibbs	11 %
Goode Durrant Trust	11 %
Greyhound Guaranty	10½%
Grindlays Bank	‡10½%
■ Guinness Mahon	10½%
■ Hambros Bank	10½%
■ Hill Samuel	§10½%
C. Hoare & Co.	†10½%
Julian S. Hodge	11½%
Hongkong & Shanghai	10½%
Industrial Bank of Scot.	10½%
Keyser Ullmann	11 %
Knowsley & Co. Ltd.	12½%
Lloyds Bank	10½%
London & European	11 %
London Mercantile	11½%
Midland Bank	10½%
■ Samuel Montagu	10½%
■ Morgan Grenfell	10½%
National Westminster	10½%
Northern Comm. Trust	11 %
Norwich General Trust	11 %
Portman Guaranty	9½%
P. S. Refson & Co.	10½%
Rossminster Accept'cs.	10½%
Schlesinger Limited	11 %
E. S. Schwab	12 %
Security Trust Co. Ltd.	12 %
Shenley Trust	12½%
Standard Chartered	10½%
Trade Development Bk.	10½%
Twentieth Century Bk.	12½%
United Bank of Kuwait	10½%
Whiteaway Laidlaw	11½%
Williams & Glyn's	10½%
Yorkshire Bank	10½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7½%.
§ Demand deposits 6%.
‡ Call deposits over £1,000 6½%.

CORAL INDEX
Close 353-358

INSURANCE BASE RATES

† Atlantic Assurance	12%
Cannon Assurance	9½%

† Address shown under Insurance and Property Bond table.

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AUTHORISED UNIT TRUSTS

[illegible]

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5BH. 01-248 6971

Capital Tst.	54.8	58.2	-1.6	5.29
Income Tst.	54.8	58.2	-0.2	8.07

Friend's Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	27.4	29.3	+0.2	5.36
Do. Accum.	33.3	35.3	+0.5	5.36

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish Exchange.

						IRISH		
Albany Inv. 20p	29	......	Higsons Brew.	88	......	Conv. 9% '80/82	£83½	+⅛
Ash Spinning	34	......	I.O.M. Stm. £1	140	......	Alliance Gas	60	......
Bertam	23	......	Holt (Jos.) 25p	290	......	Arnott	210	......
Bdg'wtr. Est. 50p	146	-2	Kleen-e-Ze	30	......	Carroll (P.J.)	110	+4
Clover Croft	25	......	Lovell's Ship £1	97	......	Clondalkin	43	......
Craig & Rose £1	350	......	N'thn. Goldsmith	27	......	Concrete Prods.	45	
Dyson (R.A.)	17	......	P.M.A.	34	......	Heiton (Hldgs.)	26	......
Ellis & McHdy.	66	......	Pearce (C. H.)	85	......	Ind. News	38	......
Evans Fr'k. 10p	22	......	Peel Mills	12½	......	Ins. Corp.	154	-6
Evered	12	......	RobbCaledonSh.	54	......	Irish Distillers	46	-1
Fife Forge	54	+4	Sayers 12½p	16	......	Irish Ropes	90	......
Finlay Pkg. 5p	16	......	Sheffield Brick	82	......	Jacob	58	......
Frost & Reed 50p	152#	......	Sheff. Refrshmt.	135	......	Sunbeam	14	......
Craig Ship. £1	330	......	Shiloh Spinn.	28	......	T.M.G.	76	-4
Allan Sleigh 10p	6	......	Sindall (Wm.)	90	......	Unidare	65	......

FOOD PRICE MOVEMENTS

	Sept. 2 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton†	960	960	910
British A.1 per ton†	920	920	890
Irish Special per ton†	920	920	890
Ulster A.1 per ton¶	920	920	890
BUTTER (packet)			
NZ per 20 lbs†	9.24-9.39	9.24-9.39	9.24-9.39
English per cwt†	53.90	53.90	51.80
Danish salted per cwt†	56.4-57.83	54.82-55.83	53.50-55.83
CHEESE¶			
English cheddar rindless per tonne	950.79	950.79	950.79
NZ per tonne	872.5	872.5	872.5
EGGS*			
Home-prod. Standard	—	3.85-4.00	3.10-3.40
Large	—	3.90-4.10	3.70-3.90
	Sept. 2 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scottish killed sides (ex KKCF)	42.5—46.0	42.5—45.5	43.0—46.5
Eire forequarters	32.5—34.0	30.0—32.0	32.0—33.0
LAMB			
English	35.0—42.0	36.0—40.0	38.0—40.0
NZ PLs-PMs	36.5—42.0	35.0—41.5	37.0—36.0
PORK (all weights)	27.0—35.0	27.0—36.0	27.0—36.0
MUTTON			
English ewes	17.0—20.0	15.0—18.0	15.0—18.0
POULTRY			
Broiler chickens	30.0—32.0	29.5—32.0	28.0—30.0

* London Egg Exchange price per 120 eggs. † Delivered. For delivery September 4-11.

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. CI. 0534 73741

CMF Ltd. Aug. 26	SUS9.66	9.91	......	—
CMT Ltd. Aug. 26	£9.15	9.39	......	—
Metals Tst. Aug. 10	£12.87	13.19	......	—
TMT Aug. 12	SUS9.71	10.98	......	—
TMT Ltd. Aug. 12	£10.60	10.87	......	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.

Wrld. Wide Gth. Fn.	SUS12.95	+0.27	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. § Suspended. ‡ Single premium insurance bonds.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	99	Treasury 10½pc 1976‡‡	99⅞	......	10.51	10.66
98	95	Treasury 6¼pc 1977‡‡	97	+½	6.39	10.86
97¼	91½	Electric 3pc '74-77	97xd	......	3.09	8.98
103	92	Treasury 11½pc '77‡‡	100xd	......	11.43	10.97
95½	91⅞	Treasury 3pc '77‡‡	94	......	3.19	8.26
95⅝	92¼	Transport 4pc '72-77	94⅞	......	4.22	8.22
99	90½	Treasury 9pc 1978‡‡	97xd	−⅛	9.25	11.02
101	97	Treasury 10½pc '78‡‡	99	−⅛	10.58	10.90
93	89⅝	Exchequer 5pc '76-78‡‡	93½xd	......	5.35	8.51
103	97	Treasury 11½pc '79‡‡	100⅛xd	−⅛	11.45	11.35
88	83⅝	Treasury 3pc '79‡‡	87xd	+⅛	3.43	7.67
89	73½	Electric 4½pc '74-79	87xd	+⅛	4.84	8.89
100	94⅞	Treasury 10½pc '79‡‡	96	−⅛	10.85	11.70
85¼	63	Electric 3½pc '76-79	86½	......	4.04	8.38
96	90¼	Treasury 9pc 1980‡‡	93xd	−⅛	9.66	11.43
96½	91¼	Treasury 9½pc '80‡‡	93	−⅛	10.21	11.87
86	82¼	Treasury 3½pc '77-80	85¼	......	4.10	8.10
89½	71	Funding 5¼pc '78-80‡‡	87	......	6.02	9.34
103	96	Treasury 11½pc 1981‡‡	98	−⅛	11.65	11.84
85	79	Treasury 3½pc 1979-81	84¾	......	4.13	7.59
95⅝	90½	Treasury 9¾pc 1981‡‡	92xd	−⅛	10.60	12.10
		Five to Fifteen Years				
94	86	Treasury 8¼pc '80-82‡‡	88¼	......	—	11.65
107	97½	Treasury 12pc 1983‡‡	97⅞xd	......	12.20	12.40
81½	73¼	Funding 5½pc '82-84‡‡	76½	......	7.26	10.26
87	79	Treasury 8½pc '84-86‡‡	81¼	......	10.56	11.91
74	67	Funding 6½pc '85-87‡‡	70	......	9.59	11.91
77	71	Treasury 7¾pc '85-88‡‡	72	......	10.89	12.56
51¼	45⅝	Transport 3pc '78-88	48⅞	......	6.20	10.85
59¼	52¾	Treasury 5pc '86-89	55⅝	......	9.35	12.19
103¾	93¾	Treasury 13pc 1990‡‡	95¾	......	13.83	13.98
75	68	Treasury 8¼pc '87-90‡‡	70½	......	12.01	13.24
60	52⅞	Funding 5¾pc '87-91‡‡	53½xd	......	10.72	12.88
		Over Fifteen Years				
100	87	Treasury 12½pc '92‡‡	92⅞	......	14.03	14.20
98	85	Treasury 12½pc '93‡‡	90⅝	......	14.10	14.28
55	50⅛	Funding 6pc 1993‡‡	50⅝xd	......	11.80	13.41
75	66½	Treasury 9pc '94‡‡	69⅞	......	13.39	14.00
38½	32⅛	Gas 3pc '90-95	33⅝	......	9.20	12.28
100	87	Treasury 12½pc '95‡‡	93⅝	......	14.24	14.34
75	65½	Treasury 9pc '92-96‡‡	66½xd	......	13.52	14.07
95¼	93⅞	Exchequer 13¼pc '96‡‡	95	......	14.35	14.43
35½	31	Redemption 3pc 1986-96	31¾xd	......	9.38	12.08
102	88	Treasury 13¼pc '97‡‡	93⅞	......	14.35	14.40
70	63¼	Treasury 8¾pc 1997‡‡	64½xd	......	13.65	14.13
57⅝	50⅛	Treasury 6¾pc '95-98‡‡	53⅝	......	13.22	13.96
76	65½	Treasury 9½pc 1999‡‡	69⅝	......	13.90	14.20
31½	27½	Funding 3½pc '99-04	28¾	......	12.38	13.33
65	56½	Treasury 8pc '02-06‡‡	56¾xd	......	13.92	14.11
46½	39	Treasury 5½pc '08-12‡‡	39¾xd	......	13.80	13.97
60	52¼	Treasury 7¾pc '12-15‡‡	55⅝	......	14.14	14.18
		Undated				
32	26⅞	Consols 4pc	27⅝	......	14.67	—
27	24	War Loan 3½pc‡‡	25⅞	......	14.01	—
20	25¼	Conv. 3½pc '61 Aft.	25½xd	......	13.58	—
25	20½	Treasury 3pc 66 Aft.	20½xd	......	14.45	—
19	17	Consols 2½pc	17½xd	......	14.11	—
19½	16¼	Treasury 2½pc	16⅝xd	......	14.65	—

**INTERNATIONAL BANK

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
99¾	96½	5pc Stock 1976	99¾	......	—	—
75	68½	5pc Stock '77-82	74½	......	6.73	10.99

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

US $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 42⅝% (based on $1.7743 per £)

Conversion factor 0.7029 (0.7003)

CANADIANS

1976 High	Low	Stock	$	+ or −	Div. Gross	C'vr	Y'ld Gr's
13	10⅝	Bk. Montreal $2	12	−⅛	$1.00	—	4.4
36	29	Bk. Nova Scot. $2	34⅝	−¼	$1.60	—	2.6
43¾	33¼	Bell Canada 25c	41	......	$3.72	—	5.2
23⅝	12	Bow Valley‖	20	......	10c	—	0.3
10	780p	Brascan‖	865p	−10	s$1.00	—	6.6
29	19	Can. Imp. Bk. $2	21	−⅛	$1.28	—	3.4
16	10⅝	Can. Pacific $5	14⅝	−¼	84½c	—	3.3
29⅝	26½	Do. 4pc Deb. £100	27¼	......	4%	—	14.7
37⅞	21¼	Gulf Oil Can.‖	22⅝	−⅝	$1.00	—	2.6
670p	450p	Hawker Sid. Can.‖	480p	......	36c	—	4.3
32¼	22	Hollinger $5	31	......	$1.80	—	3.3
18	12⅝	Hudson's Bay ‖	12⅞	−⅛	60c	—	2.6
34⅝	26⅝	Hud. B Oil G. $2½	30	......	$1.40	—	2.6
22¼	16½	Imperial Oil‖	17¼	−⅜	80c	—	2.6
31¼	19½	Inco	26⅝	......	$1.40	—	3.0
820p	660p	Int. Nat. Gas $1	775p	+5	80c	—	5.9
25½	16	Massey Ferg.‖	21⅛	......	$1.00	—	2.7
27⅞	20¼	Pacific Pet. $1	22¼	+⅛	80c	—	2.0
38½p	24p	Place Gas $1	29½p	−½	—	—	—
29	22⅞	Rio Algom	26⅝	−¼	$1.00	—	2.1
25	20	Royal Bk. Can. $2	23⅝	−¼	$1.28	—	3.1
28	17	Seagram Co. C$1	18⅝	−⅛	80c	—	2.5
16⅞	13	Tor. Dom. Bk. $1	16¼	−⅛	70c	—	2.4
11	830p	Trans. Can. Pipe 33⅓c	10⅝	−⅛	88c	—	0.0
790p	650p	White Pass	650p	......	♦35c	—	3.1

S.E. List Premium 42⅝% (based on $1.7375 per £)

BANKS AND HIRE PURCHASE

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
390	251	A ANZ $A1	378	+5	♦6.67	—	2.7	—
250	170	Alexanders D. £1	170	......	11.67	—	10.6	—
£110	£80	Algemene Fl. 100	£92	......	♦Q21%	2.6	4.1	9.5
490	340	Allen Harvey £1	340	......	25.0	—	11.6	—
128	84	Allied Irish	85	+1	Q6.89	—	8.1	—
62	38	Anglo Contnl.	62	......	←	—	—	25.0

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
710	250	Blyvoor 25	310	+10	Q75c	ϕ	15.7
£14	440	Buffels R1	540	−10	Q125c	ϕ	15.0
198	70	Deelkraal R0.20	86	+6	—	—	—
760	125	Doornfontein R1	160	+10	Q55c	ϕ	22.2
965	330	East Drie R1	425	+25	Q75c	1.7	11.4
280	122	Elandsrand Gld. 20c	130	......	—	—	
190	44	Elsburg R1	73	+5	‡Q31.8c	1.0	‡
£16½	520	Hartebeest R1	700	+25	Q190c	ϕ	19.8
695	260	Kloof Gold R1	330	−10	Q47c	ϕ	9.2
760	140	Libanon R1	180	−5	Q80c	ϕ	28.8
740	230	Southvaal 50c	260	+10	Q8c	1.3	2.0
245	92	Stilfontein 50c	118	+3	‡Q36c	2.2	‡
925	700	Vaal Reefs 50c	875	+50	‡Q175c	2.1	‡
420	48	Ventersport R1	80	+5	‡Q70c	1.9	‡
£35	£11¼	W. Drie R1	£14½	+¾	Q335c	ϕ	15.0
315	68	Western Areas R1	114	+14	‡Q52c	1.4	‡
£15¼	480	Western Deep R2	580	−20	‡Q47c	1.6	‡
290	100	Zandpan R1	120	......	Q31¼c	ϕ	16.8

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
170	60	Free State Dev. 50c	65	+5	Q9c	0.6	9.0
925	715	F.S. Geduld 50c	925	+75	‡Q330c	1.3	‡
200	50	F.S. Saaiplaas R1	60	+4	7½c	O	8.5
465	170	Harmony 50c	230	−5	Q65c	ϕ	18.3
195	38	Loraine R1	48	−1	Q6c	0.5	8.1
£18½	675	Pres. Brand 50c	750	−25	‡Q250c	1.3	‡
£13	395	Pres. Steyn 50c	430	−20	‡Q125c	2.2	‡
900	750	St. Helena R1	825	+25	‡Q250c	1.2	‡
174	70	Unisel	84	+6	—	—	—
330	140	Welkom 50c	190	+5	‡Q55c	1.7	‡
£25½	950	W. Holdings 50c	£11¾	+¼	‡Q475c	1.2	‡

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mines 17½p	8½	......	0.1	ϕ	2.0
*35½	20	Charterhall 5p	20½xr	−1½	—	—	—
990	580	Cons. Murch. 10c	700	+10	†Q80c	1.8	7.4
455	245	Northgate C$1	325	......	—	—	—
239	166	R.T.Z.	170	+2	5.42	2.1	4.9
112	80	Sabina Inds. C$1	82	−1	—	—	—
£15⅞	£10	Tara Explm. $1	£14	−½	—	—	—
45	32½	Tehidy Minerals 10p	43	......	h1.06	ϕ	3.9
145	84	Yukon Cons. C$1	132	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ☐ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 19

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES
Friday September 3 1976

HUMAN RIGHTS COMMISSION FINDS BRITAIN GUILTY

Irish persistence angers U.K.

BY KEVIN DONE IN DUBLIN

RELATIONS between the British and Irish Governments have been put under strain by the long-awaited publication yesterday of the report by the European Commission of Human Rights which finds Britain guilty of using torture in the interrogation of internees in Northern Ireland in August, 1971.

Neither Government believes the report will cause long-term damage, but Britain has clearly been angered by what it regards as Ireland's persistence in raking over past events at a time when a better rapport exists between the two Governments than has been evident for some years.

The report—which follows exhaustive hearings in Strasbourg, Norway and Northern Ireland, and in evidence alone amounts to 14 volumes of 4,500 pages—is the result of submission by the Irish Government in December 1971 of a series of complaints to the Commission alleging breaches of the European Convention on Human Rights.

The British Government accepts the report but is resentful that Dublin is referring the case to the European Court for final adjudication, the first time an inter-state dispute has gone so far. Hearings by the European Court, which are due to begin in January, mean that the case will drag on for many more months.

Mr. Merlyn Rees, Northern Ireland Secretary, said in Belfast yesterday that it was very hard to understand the Irish Government's rejection of efforts made by both the Commission and the British Government to bring about a "friendly settlement."

"We very much regret the Irish Government's persistence in thus raking over the events of five years ago. The only people who can derive any satisfaction from all this are the terrorists.

"We should be concentrating our energies on defeating the gunmen and bombers who menace the lives and well-being of peaceable citizens in both our countries."

Mr. Rees emphasised that according to the report the introduction of internment—in August 1971, when security in Northern Ireland was the responsibility of Mr. Brian Faulkner's Unionist administration and followed discussions in Cabinet at Downing Street—was justified because of the "exigencies of the situation." He also stressed the report's finding that the security forces did not discriminate between the communities in the way the powers were applied.

Dublin has clearly been embarrassed since the substance of the report was leaked last week, to newspapers here and in London, shortly before it began to introduce its own package of tough new anti-terrorist laws following on its declaration of a state of emergency. A full investigation of the leaks is still in progress.

Dr. Garret Fitzgerald, Foreign Minister, appeared anxious yesterday to minimise the harm to Anglo-Irish relations that have arisen from the report. He said his Government did not wish to "exacerbate" the situation and had no intention of trying to make any propaganda points.

However, he felt the report showed the Irish Government to have been justified in submitting its complaints to the European Commission. "Human rights transcend all other considerations," he said.

Privately, Dublin feels that it can do little to halt the case reaching the European Court now the procedure has been undertaken, and it has already filed written submissions confidentially to Strasbourg.

Britain has until October to reply to the submissions, and when the issue reaches the European Court her case will be led by Mr. Sam Silkin, the Attorney General.

The Irish Government said it has referred the case because of "the importance and legal implications of the human rights issues involved." It stressed: "The proceedings have not deflected and will not deflect the Irish Government from continuing the close co-operation which exists between the two Governments in their common fight against terrorism which ignores all human rights."

The main findings

1—The British Government was guilty of using "torture and inhuman and degrading treatment," during the interrogation of internees in Northern Ireland in August 1971.

2—Internment did not discriminate unfairly against the minority Catholic community in Northern Ireland and was "strictly required by the exigencies of the situation."

3—There was a "practice" of ill-treatment during interrogation over a period in Autumn 1971, and this was tolerated by the authorities.

4—The British Government operated a policy of non-co-operation with the Commission in certain respects.

5—The introduction of internment under the Special Powers Act of 1922 did not breach the European Convention of Human Rights in relation to the right to liberty and the safeguards of an arrested person.

ICI sales up as export demand strengthens

BY RHYS DAVID, CHEMICALS CORRESPONDENT

A FURTHER improvement in sales in the second quarter, led largely by continued strong demand in export markets, has been reported by Imperial Chemical Industries. Along with other big European chemical companies, ICI has begun to note some slowing down in the rate of recovery, however, and for the second quarter running U.K. sales have remained static in volume terms.

ICI's total sales in the first half of 1976 came to £1.9bn., an increase of 31 per cent. compared with the same period last year. Pre-tax profits at £241m. were £90m. up compared with the first six months of last year. In the U.K., sales were up by 22 per cent.

In overseas markets an increase in volume helped to push up sales by 37 per cent. in the first half and export sales rose by 39 per cent. ICI reports, however, that the recovery in overseas markets continued during the second quarter at a somewhat reduced rate compared with the first three months of this year.

Improved sales and profits have resulted from more demand for most of the company's products, including in particular plastics, petrochemicals and organic chemicals and dyes. Although fibres are still making a loss, volumes have improved and the company is hoping to cut substantially last year's £31m. loss.

ICI would like to raise prices in fibres and other product areas to match increasing costs. The company claims prices worldwide still do not reflect rising costs, including those arising from the fall of sterling. Recent U.K. figures have shown that costs were up by 6.7 per cent. in the second quarter compared with the first. There was a 3.4 per cent. rise in prices.

Prices are likely to depend very much on the trend in volume over the remainder of this year, which should indicate whether the recovery so far this year has been based on restocking or a return to genuinely higher levels of activity throughout the chemical industry in Europe.

BASF, one of the big German chemical companies, in its first six-months results reported that sales had fallen during the present quarter and a similar somewhat static trend in sales since the end of June is reported by ICI. Total U.K. chemical exports and imports fell in volume *in July compared with the previous month.*

BASF recently reported a 20 per cent. increase in sales in the first half, again led by exports. The two other leading German companies, Hoechst and Bayer, have reported sales gains of 18 and 24 per cent. respectively.

Details Page 19

Maritime Fruit and Sea Containers link bid abandoned

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE prospect of orderly re-organisation of Maritime Fruit Carriers' refrigerated cargo fleet receded yesterday when Sea Containers announced it was abandoning an attempt to set up a joint venture with the ailing Israeli-American shipping company.

Although the announcement came as no surprise to several of Maritime's leading creditors who had refused to give the scheme their blessing, Sea Containers' explanation for its decision was unexpected.

Sea Containers, a major container and ship leasing company with substantial British interests, said that it had come under strong pressure from some of its largest customers to break all ties with the Israeli company "in light of current Arab-Israeli tensions." Major British lines, including Cunard and Ellerman, are numbered among Sea Containers' customers although it is not clear whether these are the "two British liner companies" which, according to last night's statement, were among those applying pressure.

However, several customers who charter Sea Containers' ships and containers expressed fears that they could be blacklisted by Arab countries.

Against this background and with containerised services to the Middle East booming "it would be imprudent of us to provoke ill-feeling on the part of any interests which provide important support to our group activities." Mr. James Sherwood, Sea Containers' president, said last night.

Although possible Arab reaction clearly was a major factor, Sea Containers' prospects of setting up the Bermuda-based Refrigerated Clipperships company have gained little ground since the plan was announced six weeks ago. It was based on creditors, who are owed $117m. (£65.7m.), agreeing to reschedule loans instead of going ahead with plans to sell off the Maritime ships.

Since creditor banks started to take action at the beginning of June, Maritime Fruit has lost control of all its 37 refrigerated (reefer) ships. Eighteen vessels have found their way back to Salen Reefer Service which previously operated the fleet for Maritime, and about 14 of the remainder are likely to come under the hammer in various parts of the world.

Sweden's Salen group is an important customer of Sea Containers and Mr. Sherwood's statement clearly hinted that to pursue his plans with Maritime could "jeopardise this relationship." It was clear, he said, that Salen has "carefully planned a course" aimed at obtaining control of most of Maritime's reefers.

Captain Mila Brener and Mr. Yaacov Meridor, Maritime Fruit's joint managing directors, were not available to comment last night but Sea Container's withdrawal would seem to remove the last real prospect of retaining some control over a portion of its fleet.

It was hoped that 23 ships could be transferred to the proposed joint company.

Now it is difficult to see how Maritime could go ahead with its programme to build one large oil tanker at Belfast's Harland and Wolff and the second of a two-tanker order at Scott Lithgow on the Lower Clyde. Both shipyards have prepared themselves for cancellation of the orders although neither can be optimistic about winning substitute orders in the depressed world market.

Government jobless stance criticised by TUC leaders

BY ROY ROGERS, LABOUR CORRESPONDENT

THE GOVERNMENT'S failure to respond to TUC demands for additional measures to combat rising unemployment levels yesterday came under further criticism from union leaders gathered here for next week's annual Trade Union Congress.

The full TUC general council spent some 45 minutes hearing and discussing the outcome of Wednesday's meeting between their representatives and the Prime Minister, who was able to give little hope that their calls for action, including selective import controls and improved investment for industry, would be acted upon.

Strongest criticism of the Government's stance came from Mr. Joe Gormley, president of the National Union of Mineworkers, who warned that continued high unemployment could have alarming electoral implications, and Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, who reckoned that without Government action unemployment levels of 1.5m. to 2m. would be with us for some time to come.

No decision was taken, however, the report merely being noted until a further meeting of the general council over the week-end.

Mr. Len Murray, general secretary, stressed afterwards that the general council was not going to alter its "softly, softly" approach.

The TUC, he said, was not enthused by the Government's attitude, but remained convinced that the best way to tackle the problem was by "plugging away" at the Government rather than having a "punch-up."

This is the message that he and other TUC leaders will give to next week's congress, which is expected to make a lot of noise over jobs but not sufficient to seriously undermine the social contract between the TUC and the Labour Government

Mr. Murray said it was realised that the Government was limited in what it could do by economic circumstances, and that the TUC preferred the Government's honest approach rather than to be made promises that could not be fulfilled.

They were satisfied that the Government was not using unemployment as an economic regulator, but still maintained that the measures suggested by the TUC would help ease the problem. At the Government's request, the TUC's aims are to be put in writing in readiness for a further top-level meeting which Mr. Murray hoped would take place later this month.

Mr. Clive Jenkins' gloomy predictions came from his union's quarterly economic review, published to-day. While agreeing with the Government view that unemployment had almost reached its peak, the review suggests that jobless totals will remain in excess of 1.5m., or nearly 2m. if unemployed women are included, for some years to come.

Moral

In addition to next week's unemployment debate, congress delegates wil also discuss the Government's proposed expenditure cuts, which are expected to lead to the loss of some 110,000 jobs.

The general council decided yesterday to give tacit support to a composite motion, to be moved by the National and Local Government Officers Association, expressing full congress support for affiliated unions fighting the cuts.

Although this support is likely to be moral rather than physical, the motion, if carried, will be a firm reminder to the Government that any further cuts could spark a significant rift with the unions.

General council will, however, oppose a motion by the Union of Construction Allied Trades and Technicians, designed to set the TUC against the Government's devolution policies and calling for referenda in Wales and Scotland before any separatism is agreed.

Peso devalued sharply as dealings resume

BY ALAN RIDING — MEXICO CITY, Sept. 2.

FOREIGN EXCHANGE dealings resumed here to-day after Tuesday's float of the peso with the Bank of Mexico willing to sell dollars at an unprecedented rate of 20.60 pesos, an effective devaluation of 64.8 per cent.

But foreign bankers believed that the rate, to be fixed on a day-to-day basis, was set so high to-day to discourage a wave of speculation and to woo back capital that has fled the country in recent months. Mexico is one of the world's heaviest international borrowers.

The rate at which the peso is expected to settle after perhaps a month is nearer 18 pesos to the dollar compared with 12.50 pesos before the decision to abandon the currency's 22-year-old fixed parity with the dollar.

One negative effect of devaluing so sharply is that prices here are expected to rise rapidly in the coming weeks. Many large stores have already raised their prices by between 15 and 25 per cent. and seem ready to match the downward float point-by-point.

The general reaction among bankers and businessmen has been one of surprise mixed with relief that President Echeverria had decided against holding out until the end of his administration on December 1 without devaluing.

Some doubt remains, however, about how much the Bank of Mexico will intervene to control the exchange rate.

In NE WYORK, the peso closed 40 per cent. below its former parity after a nervous day's trading. It closed at 4.82 cents compared with the opening 5.63½ cents after the Mexican Control Board traded at 4.87½ cents.

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Kosygin misses send-off

appointment of Mr. Tikhonov, 71, a member of the central committee, as First Deputy Prime Minister was carried by Tass, the official Soviet news agency, later in the day. Mr. Tikhonov is neither a Politburo member nor a candidate member, but he was present at the airport to see Mr. Brezhnev leave.

There was no mention in the brief Tass announcement of Mr. Kirill Mazurov, the present First Deputy Prime Minister, and it appears possible that Mr. Tikhonov will work in tandem with Mr. Mazurov, who is the head of the Government and one of the three or four most important members of the Politburo.

Mr. Tikhonov became a Deputy Prime Minister in 1965, and prior to that served as Deputy Chairman of the State Planning Committee, deputy chairman of the Council for Science and Economy, and a deputy minister of nonferrous metallurgy.

Mr. Kosygin has been reported by unofficial Soviet sources to be in good health following last month's incident.

His failure to appear at the send-off for Mr. Brezhnev and the appointment of Mr. Tikhonov could mean that Mr. Kosygin's recovery after being "saved from drowning" will not be as rapid as had been indicated.

Mr. Kosygin's signature, however, appeared this morning, along with those of Mr. Brezhnev and Mr. Nicolai Podgorny, chairman of the Praesidium of the Supreme Soviet, under a message of congratulation to the Vietnamese Communists on the occasion of the national holiday of Socialist Vietnam.

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Unemployment

"scenarios" in its medium-term prospects memorandum presented to the "Neddy" Council last month.

The Treasury export forecast is accordingly more optimistic over the next 18 months, while the National Institute projection of a rise of 3.6 per cent. in GDP at factor cost in 1977 compares with an increase of 4½ per cent. in the more *pessimistic* "past trends" case in the Treasury paper for "Neddy."

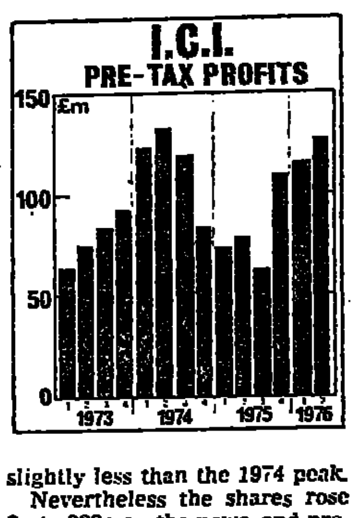
Otherwise, the main differences between the Whitehall and the National Institute view appear to be over the timing of the peak in unemployment and the rate of increase in earnings in 1976-77 (depending on the amount of overtime and slippage).

The Institute had made the working assumption that the growth of M3—the broadly defined money supply—is kept at or below the 12 per cent. rate *of rise recently mentioned by* the Chancellor.

As a result it forecasts the need to allow interest rates to rise "rather substantially" over the period.

THE LEX COLUMN

ICI's momentum slackens



Index rose 4.7 to 355.8

Edging its way with the "greatest tentativeness" into the field of interest rate prediction the National Institute Economic Review estimates that the Treasury Bill rate will be nearly 14 per cent. by the end of 1977, with Consols yielding two points above that. It suggests that the Government will be prepared to sell over £5bn. of debt—mostly gilts next year at that kind of interest rate.

ICI

ICI is now confirming recent German and U.S. evidence of a pause—temporary, it is hoped—in the upswing in the chemical cycle. Pre-tax profits of £126m. in the second quarter are almost two-thirds higher than a year ago but only £11m. up on the first quarter. Domestic U.K. sales volume remained virtually unchanged between the first two quarters and it was up to the overseas side to provide what growth there was. U.K. second quarter exports, accounting for a fifth of group sales, rose 3 per cent. in volume terms against the first quarter, though there are signs that growth here is beginning to tail off.

The agricultural side, chipping in over a third of profits, continues to do well though the drought has hit sales of plant protection products. General chemicals, and to a lesser extent petro-chemicals, have also held up well though the latter are suffering from rising naptha costs. Against this the fibres side is still in the red (though improving) and paints have been hit by the low level of consumer spending.

Apart from the hiccough in volume growth the other worrying feature is the group's inability to increase margins between the first two quarters. These are still well below 1973-1974 levels and though export margins continue to be considerably higher than those at home the gap is narrowing, reflecting a troublesome resistance to price increases, particularly in such areas as European fibres. ICI notes that on a CPP basis its first half profits would be down by almost a half, and in terms of a recovery in profitability it sees itself still only halfway back to the real rates of return it was earning in 1973-74 though in current terms the half yearly profits are only slightly less than the 1974 peak.

Nevertheless the shares rose 3p to 329p on the news, and providing margins can be held in the seasonally less favourable third quarter, the group should be able to turn in pre-tax profits for the year comfortably above £500m. against £327m. in 1975.

BP

As usual BP has left the City analysts flat on their faces, although this time the surprise was very definitely a pleasant one, and the market celebrated with a 25p jump in the share price to 588p. Second quarter net income of £51.8m. (against a typical outside expectation of under £40m.) compares with only £20.2m. in January-March. Partly this reflects some improvements at the downstream end—such as in chemicals—but the growth in sales volume of products, at 9.7 per cent. above a year ago, is little changed from the first quarter. Markets like Germany and France remain firmly in the red, although the U.K. appears to have remained profitable and reasonable results were achieved in Australia and Canada. The main difference from the first quarter has been the transformation of the Forties field into a solid contributor to net income.

The exact Forties earnings are not disclosed, but they could be something like £15m. for the quarter, and a further rapid buildup is due. In April-June Forties production averaged 135,000 barrels a day, but the third platform being installed this week should take output up to 300,000 b/d, with a four[th] platform to follow. As much [as] £70m. of Forties revenue w[as] salted away as deferred tax[a]tion in the first six months; a[nd] the fourth quarter's oil produc[]tion could alone be wor[th] around £300m. Tentative[ly] £80m. or 20p a share could we[ll] show up in net income for th[e] full year (and around doub[le] that in 1977) which at l[east] gives BP something tangible [to] offset its shaky position in pr[o]duct marketing and the strea[m] of dubious news from Alaska.

A yield of around 5 per cen[t] and 1976 earnings of may [be] around 50p a share are, [of] course, only pale shadows [of] what the market is hoping f[or] by 1978 when Alaska cou[ld] pay off. And some 20p of th[is] year's earnings will represe[nt] the writeback of previous yea[rs'] unrecovered ACT. But BP no[w] seems to have turned t[he] corner.

Guinness Peat

It was the figures at the b[ot]tom of Guinness Peat's pro[fit] and loss account that caught t[he] market's eye yesterday. Prof[its] from trading are 13 per ce[nt] ahead at £6.2m. pre-tax and t[he] banking operations are o[nly] marginally higher—after t[ax] and transfers—at £0.97m. But the net attributable level prof[it] growth extends to more than [a] third, and that helped lift t[he] shares by 8p to 173p.

All the same GP's underlyi[ng] earnings trend has stayed re[la]tively sluggish. A drop of fo[ur] points to 48 per cent. in the t[ax] charge accounts for nearly h[alf] the upturn in attributab[le] profits, while lower minorit[y] and loan interest are also co[n]spicuous items. The group a[p]pears to have had a more co[m]fortable time in commodi[ty] trading last year, and t[he] pattern of trade has picked [up] sharply in 1976 along with t[he] rise of soft commodity pric[es]. Up a fifth pre-tax, the insuran[ce] broking operations, with the[ir] U.K. bias, have lagged behi[nd] the sector. The bank continu[es] to stay ahead; its disclos[ed] capital was increased by [an] eighth to £17.9m. a month ag[o].

The chances are that GP c[an] keep profits moving upwards [in] the current year—but this [is] already heavily discounted in [a] fully diluted p/e of 11. T[he] yield is 7.6 per cent. coven[ed] 1.8 times by disclosed earnin[gs].

Weather

SUNNY spells. Showers.

London, S.E. England, E. Anglia
Sunny or clear spells. Scattered showers. Wind N., moderate or fresh. Max. 18C.

Cent. S., S.W. and Cent. N. England, Midlands, Channel Is., S. Wales
Sunny or clear periods. Dry. Wind N., light or moderate. Max. 19C (66F).

E. and N.E. England
Sunny or clear intervals. Mainly dry. Wind N.W., moderate. Max. 16C (61F).

N. Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, Glasgow
Sunny intervals, becoming more cloudy later. Mainly dry. Wind N.W., moderate. Max. 18C.

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands Moray Firth, N.E. and N.W. Scotland, Argyll, N. Ireland
Sunny intervals, becoming more cloudy later. Mainly dry. Wind N.W., moderate. Max. 16C.

Orkney, Shetland
Cloudy, occasional rain. Sunny intervals later. Wind N.W., fresh becoming N., moderate.

Outlook: Little change.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	F	16	61	Manchstr.	F	14	57
Athens	S	27	81	Melbourne	F	16	61
Barcelona	C	24	75	Mexico C.	S	19	66
Belfast	C	13	55	Milan	S	22	72
Belgrado	C	20	68	Montreal	S	10	50
Berlin	C	18	64	Moscow	S	18	64
Birmghm.	C	14	57	Munich	C	17	63
Bristol	C	14	57	Newcastle	C	13	55
Brussels	C	15	59	New York	R	30	86
Budapest	C	17	63	Oslo	S	18	64
B. Aires	C	14	58	Paris	R	12	54
Cairo	S	33	92	Perth	C	21	70
Cardiff	C	15	59	Prague	R	18	64
Cologne	C	12	54	Reykjavik	F	10	50
Copnhagn.	C	14	57	Rio de J'o	S	24	75
Dublin	C	14	57	Rome	F	26	79
Edinburgh	C	13	55	Singapore	S	30	86
Frankfurt	C	15	59	Stockholm	F	17	63
Geneva	S	19	66	Strasbourg	C	17	63
Glasgow	F	13	55	Sydney	F	19	66
Helsinki	C	16	61	Tehran	S	34	93
Hong Kg.	S	29	84	Tel Aviv	S	27	81
Jo'burg	S	25	78	Tokyo	C	24	75
Lisbon	F	24	75	Toronto	S	15	59
London	C	15	59	Vienna	C	19	66
Luxembrg.	R	9	48	Warsaw	R	15	59
Madrid	S	25	77	Zurich	C	18	64

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	F	25	77	Jersey	F	16	61
Algiers	C	29	84	Locarno	F	24	75
Biarritz	S	21	70	Majorca	F	26	79
Blackpool	F	15	59	Malaga	F	31	88
Bordeaux	R	18	64	Malta	S	28	82
Boulogne	C	14	57	Nairobi	S	23	73
Casablnca.	C	27	81	Naples	C	25	77
Cape Tn.	S	18	64	Nassau	S	29	84
Corfu	C	26	79	Nice	F	23	73
Dubrovnik	F	22	72	Nicosia	S	28	82
Faro	C	24	75	Oporto	F	20	68
Florence	F	24	75	Rhodes	S	26	79
Funchal	S	25	77	Salzburg	F	20	68
Gibraltar	C	25	77	Tangier	C	25	77
Guernsey	F	14	57	Tenerife	F	26	79
Innsbruck	C	17	63	Tunis	F	28	82
Inverness	C	12	54	Valencia	F	29	77
I. of Man	F	16	61	Venice	S	21	70
Istanbul	S	27	81				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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